

Comprehensive Annual Financial Report

For the Year Ended December 31, 2019



City of Thornton, Colorado

Comprehensive Annual Financial Report

For the fiscal year ended

December 31, 2019

Prepared by the Finance Department

City of Thornton, Colorado

Table of Contents

Introductory Section	<u>Page</u>
Letter of Transmittal	v
City Officials	x
Organizational Chart	xi
Certificate of Achievement for Excellence in Financial Reporting	xii
 Financial Section	
Report of Independent Certified Public Accountants	1
Management's Discussion & Analysis	3
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements	
Balance Sheet - Governmental Funds	16
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	17
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Statement of Net Position - Proprietary Funds	20
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	22
Statement of Cash Flows - Proprietary Funds	24
Notes to Financial Statements	26
 Required Supplementary Information	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund - Non US GAAP Basis	64
Schedule of Proportionate Share of the Net Pension Liability Statewide Defined Benefit Plan	65
Schedule of Pension Contributions Statewide Defined Benefit Plan	66
Schedule of Proportionate Share of the Net Pension Liability Statewide Hybrid Plan	67
Schedule of Pension Contributions Statewide Hybrid Plan	68
Schedule of Proportionate Share of Net Pension Liability Old Hire Plan Thornton Fire	69
Schedule of Pension Contributions Old Hire Plan Thornton Fire	70
Schedule of Changes in Total OPEB and Related Ratios	71
 Combining Statements and Budgetary Schedules	
Fund Descriptions - Major Governmental Funds	74
Governmental Capital Fund	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	75
Thornton Development Authority North Capital Fund	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	76
Fund Descriptions - Non-Major Governmental Funds	77
Combining Balance Sheet - Non-Major Governmental Funds	78
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds	82
Thornton Arts, Sciences, and Humanities Council Fund (TASHCO)	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	85
Cash in Lieu Fund	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	86

City of Thornton, Colorado

Table of Contents (Continued)

Financial Section (Continued)	<u>Page</u>
Combining Statements and Budgetary Schedules (Continued)	
Conservation Trust Fund	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	87
Parks Fund	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	88
Open Space Fund	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	89
Parks and Open Space Fund	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	90
Adams County Open Space Sales Tax Fund	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	91
Adams County Road & Bridge Sales Tax Fund	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	92
136 th Avenue General Improvement District Tax Fund	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	93
E911 Authority Fund	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	94
Thornton Development Authority South Capital Fund	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	95
Thornton Development Authority 144 th Capital Fund	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	96
Fund Descriptions – Major Enterprise Funds	97
Water Fund	
Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual	
– Non US GAAP Basis	98
Sewer Fund	
Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual	
– Non US GAAP Basis	99
Stormwater Fund	
Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual	
– Non US GAAP Basis	100
Fund Descriptions – Non-Major Enterprise Funds	101
Sanitation Fund	
Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual	
– Non US GAAP Basis	102
Fund Descriptions – Internal Service Funds	103
Combining Statement of Net Position – Internal Service Funds	104
Combining Statement of Revenues, Expenses, and Changes in Net Position –	
Internal Service Funds	105
Combining Statement of Cash Flows – Internal Service Funds	106
Risk Management Fund	
Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual	
– Non US GAAP Basis	108
Other Schedules	
Schedule of Investments	110
Local Highway Finance Report	112

City of Thornton, Colorado

Table of Contents (Continued)

Statistical Section (Un-audited)	<u>Page</u>
Schedule 1 – Net Position by Component	117
Schedule 2 – Changes in Net Position	118
Schedule 3 – Fund Balances of Governmental Funds	120
Schedule 4 – Changes in Fund Balances of Governmental Funds	121
Schedule 5 – General Government Tax and Assessment Revenues by Source	122
Schedule 6 – Sales Tax Revenue by Type of Industry	123
Schedule 7 – Direct and Overlapping Sales Tax Rates	124
Schedule 8 – Principal Sales Taxpayers	125
Schedule 9 – Ratios of Outstanding Debt by Type	126
Schedule 10 – Ratios of General Bonded Debt Outstanding	128
Schedule 11 – Direct and Overlapping Governmental Activities Debt	129
Schedule 12 – Legal Debt Margin Information	130
Schedule 13 – Pledged-Revenue Coverage	131
Schedule 14 – Demographic and Economic Statistics	132
Schedule 15 – Principal Employers	133
Schedule 16 – Full-time Equivalent City Government Employees by Function	134
Schedule 17 – Operating Indicators by Function	135
Schedule 18 – Capital Asset Statistics by Function	136

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May 21, 2020

To the Honorable Mayor, City Council and Citizens of the City of Thornton:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Thornton (the City) for the year ended December 31, 2019. This report was prepared by the City's Finance Department and consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the information contained in this report.

To provide a reasonable basis for these representations, management of the City has established a comprehensive internal control framework that is designed to both protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with accounting principles generally accepted in the United States of America (US GAAP). Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by RSM US LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the year ended December 31, 2019, are free of material misstatement. The independent audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements, evaluating the appropriateness of the accounting policies used and the reasonableness of the significant accounting estimates made by management as well as evaluating the overall presentation of the financial statements. The independent auditor concluded, based upon the audit evidence obtained, that there was a sufficient and appropriate basis for rendering an unmodified opinion that the City's financial statements for the year ended December 31, 2019, are fairly presented in conformity with US GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal agencies that provide significant grant funds to the City. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls especially as they relate to the administration of federal awards. These reports are available in the City's separately issued Single Audit Report.

US GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the independent auditor's report.

Profile of the Government

The City incorporated in 1956 and became a Home-Rule City in 1967. Thornton operates under a council-manager form of government. The City Manager, the City Attorney and the Presiding Municipal Judge are appointed by City Council. Thornton employs approximately 1,058 full-time employees. The City is a full-service municipality providing police and fire protection, ambulance services, infrastructure construction and maintenance, city planning and development, recreational facilities and services and operates the Thorncreek Golf Course. In addition, the City provides water, sanitary sewer, stormwater, and solid waste collection all of which are reported as enterprise operations.

The City is located in Adams County in the northeast Denver Metropolitan area and encompasses 38 square miles. It is a suburban community of 143,788 residents with a retail-oriented business sector and some light industrial businesses.

Major Initiatives

In response to the growing needs of the community, City Council initiated, continued, and completed multiple projects and programs during 2019 including the following:

- Construction began in 2019 on the new Fire Station 1, located at Thornton Parkway and York Street. This new station will provide better access to a major arterial road, providing faster response times to emergencies and will also house Fire administration. Completion of this facility is expected late 2020.
- Design of the Police Training Facility kicked off in 2019. This facility, located at Riverdale Road and Colorado Boulevard, will include an area to practice defensive tactics, a training classroom, a low-speed driving track, a shoot house, and an area for canine training.
- Work continued on implementation of the Community Facilities Plan, including large transportation projects throughout the City. These projects, including widening along 112th Avenue and 144th Avenue, add capacity to existing roads and improve connectivity in preparation for the arrival of the Regional Transportation District N line.
- Opened the Trail Winds Recreation Center, located at the Trail Winds Park and Open Space complex at 136th Avenue and Holly Street, in late 2019. Trail Winds is the City's second full-service recreation center and includes an indoor aquatics area, gymnasium, and fitness area, among other amenities.
- Work continued on the City's long-term water supply project, the Thornton Water Project. 2019 activities included permitting, land acquisition, and the design of multiple pipeline segments. The project, when completed in 2025, will bring water from northern Colorado into Thornton in order to provide a reliable supply of water for current and future residents and businesses.
- Made significant progress on the replacement of the Thornton Water Treatment Plant at the intersection of Thornton Parkway and Washington Street. Construction began in 2018 with plans for the new water treatment plant to be up and running in 2020.
- Construction began on the Active Adult Center, which is scheduled to open mid-2020. The new Active Adult Center will be located on the southwest corner of 112th Avenue and Colorado Boulevard and will host a variety of classes, events, and services, as well as provide affordable weekday lunches for active adults and their guests.

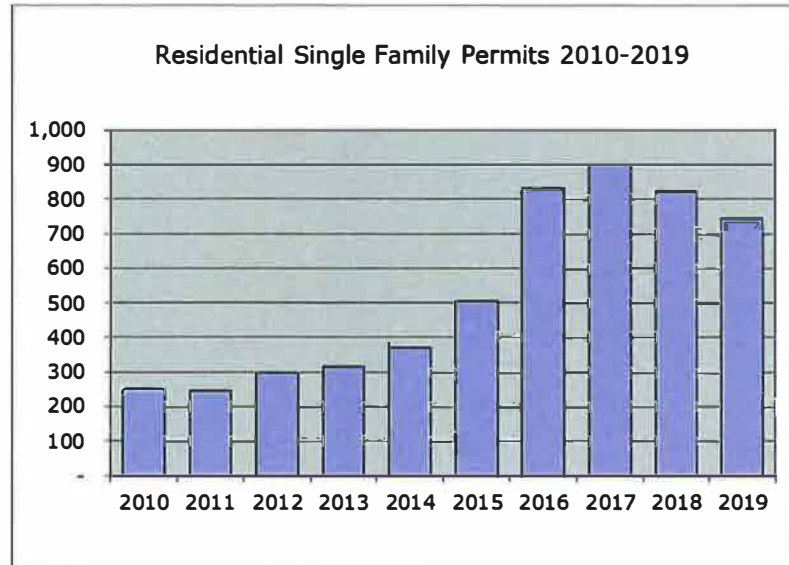
Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

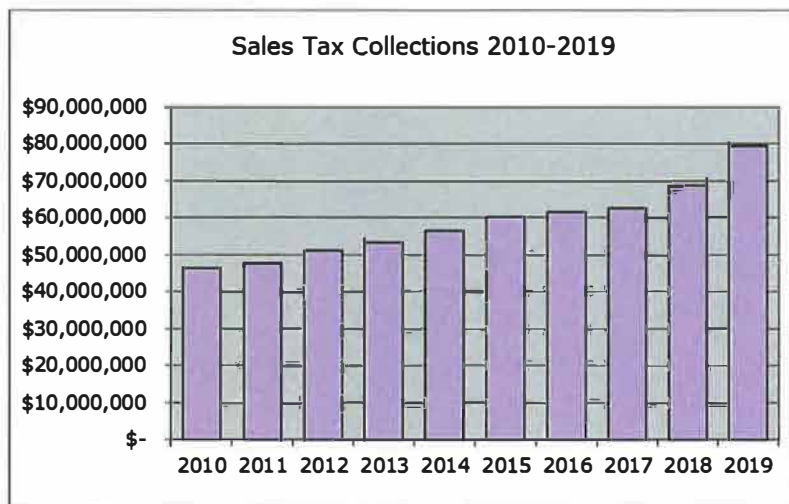
Local Economy

The pace of new development within the City moderated in 2019. The City issued 744 single family permits (attached and detached) for residential construction with an estimated value of \$241 million. The City issued 16 commercial building permits with an estimated value of \$61.9 million. The commercial landscape of the I-25 corridor through the City continues to change with the addition of Johnny's Italian Steakhouse, Top Golf; and Floor and Decor. The City delivered on its vision of a healthy and high quality of life for citizens through the opening of the Riverwalk Ball Fields and the Trail Winds Recreation Center.

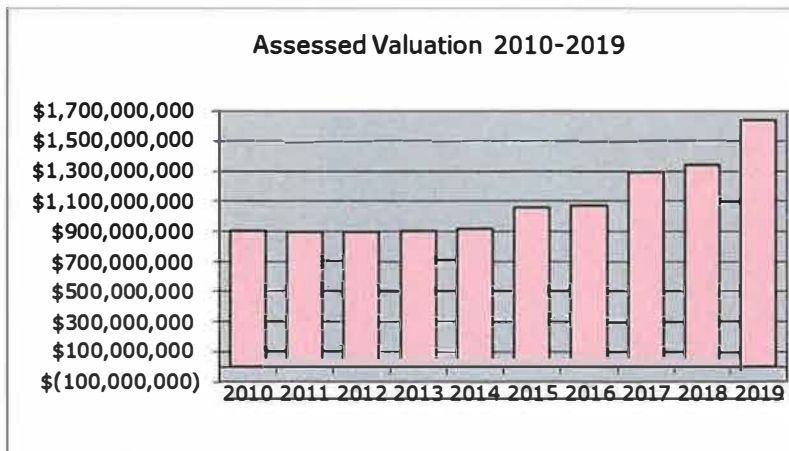
Local Economy (Continued)



Sales tax collections in 2019, the largest single revenue stream received by the general government, totaled \$79.3 million, an increase of 15.5% over 2018.



Property values increased 22.4% from 2018, totaling \$1.6 billion in assessed value for 2019. The property taxes associated with this assessed valuation will be collected in 2020.



Long Term Financial Planning

The City's financial policies related to fund balances and cash reserves are set by Council. The Council conducts periodic reviews of the fund balance policy and revises as needed to ensure Thornton is financially sustainable and able to meet established service levels, and to ensure the City is following recommended best practices in the government finance industry. The General Fund reserve is 17% of the current year budget. Utilization of this reserve requires a two-thirds affirmative vote of Council. In the event that a cash reserve is utilized or the level falls below the amount set forth by policy, the City Council will approve a plan within two years of such event to restore levels to the required amount. In addition to the General Fund, the City maintains financial policies (related to fund balances and cash reserves) for the utility enterprise funds (including Water, Sewer, Stormwater and Sanitation), and the Risk Fund (self-insurance fund).

Credit Ratings

To achieve the lowest possible interest rates and to be sure it has the widest markets for its bonds, the City often obtains credit ratings from two of the major rating services (Moody's and Standard & Poor's). Stronger ratings result in lower interest rates and reduce the cost to taxpayers and users of City services. The City's underlying bond ratings for all outstanding issues are as follows:

Issue	Moody's	Standard & Poor's
Certificates of Participation S2007	Aa3	AA-
Certificates of Participation S2018	Aa3	AA-
Water Revenue Refunding Bonds	Aa2	AA
North Washington Urban Renewal Refunding Bonds	NR	A+
Thornton Development Authority 144th and I-25 Urban Renewal Bonds	NR	A+

Credit rating agencies base their ratings of the City's general government debt on a combination of factors. These key factors include debt burden, economic characteristics, government organization, and financial performance. The agencies do not view any one factor as most important. They weigh strengths and weaknesses in each area within the context of potential impact on the issuer's ability and willingness to repay the debt.

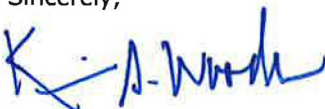
Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year ended December 31, 2018. This is the thirty-fourth consecutive year the City has received this award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe that our current CAFR continues to meet the Certificate Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the CAFR on a timely basis was made possible by the dedicated service of the entire staff of the Finance Department and we would like to express our sincere appreciation to them for the contributions made in the preparation of this report. Credit also must be given to the Mayor and the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Sincerely,



Kevin S. Woods
City Manager



Kimberly Newhart
Interim Finance Director

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Thornton City Officials

December 31, 2019

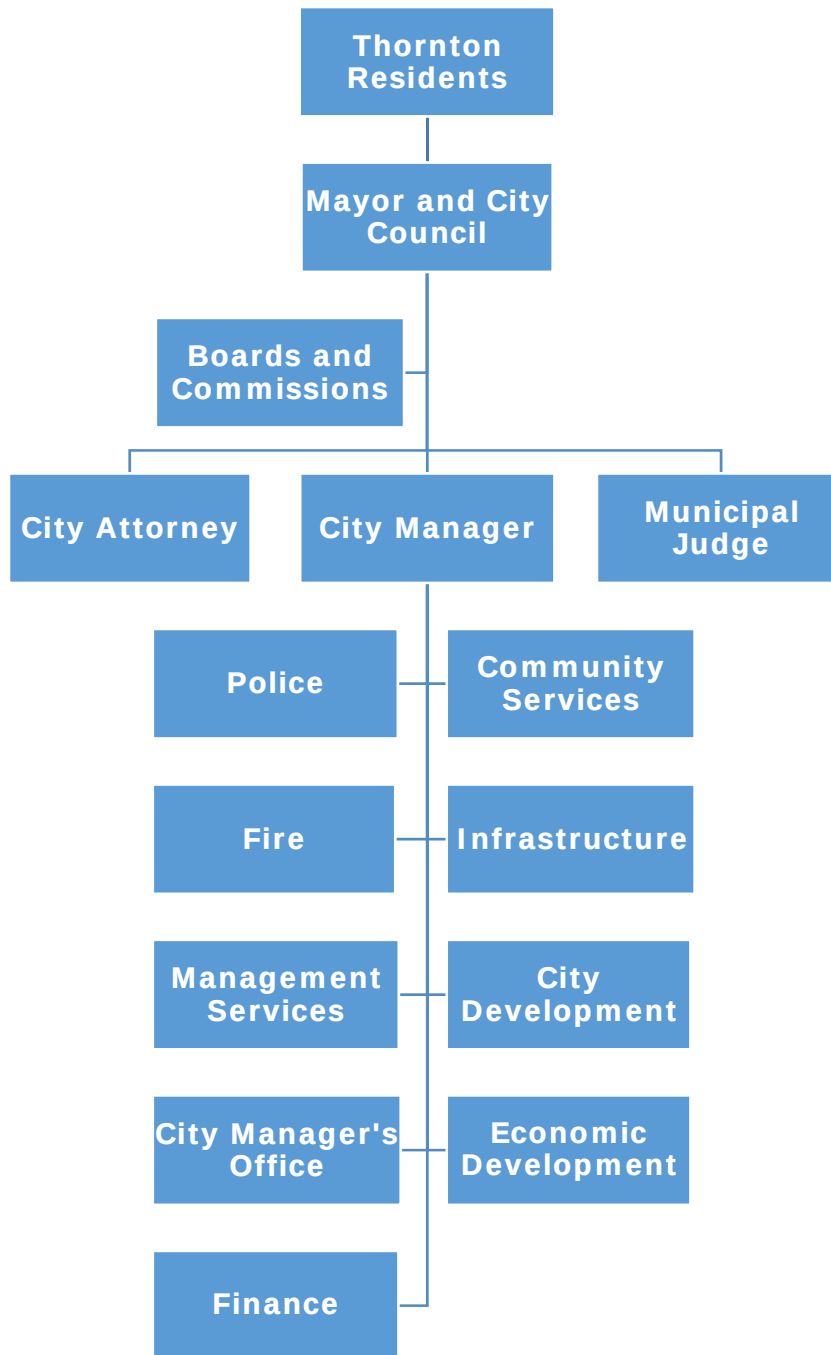
Mayor and City Council

Mayor	Jan Kulmann
Council Members	
Ward 1	Sherry Goodman
Ward 1	Jacque Phillips
Ward 2	Julia Marvin
Ward 2	Jessica Sandgren
Ward 3	Sam Nizam
Ward 3	David Acunto
Ward 4	Vacant
Ward 4	Adam Matkowsky

Administrative

City Manager	Kevin Woods
City Attorney	Luis Corchado
Municipal Judge	Charles Rose
Assistant City Manager	Joyce Hunt
Assistant City Manager	Robb Kolstad
Deputy City Manager – City Development	Jeff Coder
Executive Director – Infrastructure	Brett Henry
Executive Director – Management Services	Chris Molison
Executive Director – Parks, Recreation & Community Services	Seve Ghose
Police Chief	Randy Nelson
Fire Chief	Gordie Olson
Director – Economic Development	John Cody
Interim Director – Finance	Kimberly Newhart
City Clerk	Kristen Rosenbaum
Director – Communications	Todd Barnes

City of Thornton Organization Chart





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Thornton
Colorado**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2018

Christopher P. Morrill

Executive Director/CEO

Independent Auditor's Report

Honorable Mayor and
Members of the City Council
City of Thornton, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Thornton, Colorado (the City) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, pension information, the schedule of changes in the City's total OPEB liability and related ratios, and budgetary comparison information, as presented in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Thornton, Colorado's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary schedules and other schedules, listed in the table of contents as supplementary information, and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and budgetary schedules, are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements, or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying introductory, statistical sections, and other schedules, as listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2020 on our consideration of the City of Thornton, Colorado's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Thornton, Colorado's internal control over financial reporting and compliance.

RSM US LLP

Denver, Colorado
May 20, 2020

City of Thornton, Colorado
Management's Discussion and Analysis
December 31, 2019

As management of the City of Thornton ("the City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal at the front of this report, and the City's financial statements that follow this section.

Financial Highlights

- The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$1,338,126,618. This total is divided between Governmental Activities of \$435,669,727 and Business-type Activities of \$902,456,891.
- The City's total net position increased by \$92,987,845. This total is divided between a decrease in Governmental Activities of \$8,076,296 and an increase in Business-type Activities of \$101,064,141.
- The City's Governmental Activities show revenues of \$218,030,812. The largest revenue source is sales and use taxes (\$110,473,089) followed by capital grants and contributions (\$32,388,427) and charges for services (\$26,805,010). Charges for services consists of license, permits and inspection fees (\$6,478,463, 24.2%), the administrative fee charged to the enterprise funds (\$8,232,306 30.7%), recreation and related charges (\$5,322,912, 19.9%), ambulance charges (\$3,174,936, 11.8%), fines and forfeitures (\$2,230,512, 8.3%), and other miscellaneous charges (\$1,365,881, 5.1%). The Governmental expenses were \$226,107,108. More details are provided in the Government-wide Financial Analysis section.
- The City's Business-type Activities show revenues of \$170,761,285 the largest revenue source is charges for services (\$71,025,763) followed by capital grants and contributions (\$43,034,895). Capital grants and contributions consists of payments for connections to the City's water and sewer systems (\$20,492,203, 47.6%), infrastructure donated to the City by developers (\$18,852,316, 43.8%) and grants (\$3,690,376, 8.6%). The Business-type expenses were \$69,697,144. More details are provided in the Government-wide Financial Analysis section.
- The total fund balance for the General Fund increased by \$12,014,479, (30.6%) from prior year. City Council policy requires the General Fund to maintain a total fund balance at an amount equal to 17% of the current year budget, and TABOR reserve per State Statute. At the end of the current fiscal year, total fund balance was \$51,293,137, or 37.6% of General Fund budgeted expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad view of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, police, fire, city development, streets traffic and engineering, and community services. The business-type activities of the City include water, sewer, sanitation, and stormwater.

The government-wide financial statements can be found on pages 12-13 of this report.

City of Thornton, Colorado
Management's Discussion and Analysis
December 31, 2019

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintained 15 individual governmental funds in 2019, of which 3 are considered major funds: the General Fund, the Governmental Capital Fund, and the Thornton Development Authority North Capital Fund. Information for these three funds is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. The remaining 12 funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget, which can be found on page 64 of this report.

The basic governmental fund financial statements can be found on pages 16-19 of this report.

Proprietary funds. The City maintained two different types of proprietary funds: enterprise and internal service. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for Water, Sewer, Sanitation, and Stormwater. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses one internal service fund: Risk Management to account for the costs related to a comprehensive program to manage the City's property, liability, work related injury risk, dental and vision. Because Risk Management predominately benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water, Sewer, Sanitation, and Stormwater Funds. The Water, Sewer and Stormwater Funds are considered to be major funds of the City. Individual fund data for the internal service fund is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 20-25 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26-60 of this report. **Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information. The combining statements referred to earlier in connection with non-major governmental funds and proprietary funds are presented immediately following the basic financial statements. Combining statements and budgetary schedules can be found on pages 73-112 of this report. The Schedule of Investments and Local Highway Finance Report can be found in other schedules on pages 114-117 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Assets exceeded liabilities by \$1,338,126,618 at the close of the most recent fiscal year (see Table 1).

City of Thornton, Colorado
Management's Discussion and Analysis
December 31, 2019

Government-wide Financial Analysis (Continued)

By far the largest portion of the City's net position (74.8%) reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (2.8%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$299,037,864) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

Table 1
Net Position
As of December 31,

	Governmental activities		Business-type activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 241,583,695	\$ 265,336,950	\$ 197,877,740	\$ 197,361,661	\$ 439,461,435	\$ 462,698,611
Capital assets	398,176,975	385,579,136	750,465,966	648,073,870	1,148,642,941	1,033,653,006
Total assets	639,760,670	650,916,086	948,343,706	845,435,531	1,588,104,376	1,496,351,617
Deferred outflows of resources	19,963,413	5,488,695	1,895,406	1,985,493	21,858,819	7,474,188
Long-term liabilities outstanding	139,124,914	125,794,803	36,255,249	37,796,039	175,380,163	163,590,842
Other liabilities	49,869,468	61,278,813	11,485,816	8,208,761	61,355,284	69,487,574
Total liabilities	188,994,382	187,073,616	47,741,065	46,004,800	236,735,447	233,078,416
Deferred inflows of resources	35,059,974	25,585,142	41,156	23,474	35,101,130	25,608,616
Net position:						
Net investment in capital assets	288,245,136	297,988,545	713,190,231	611,217,991	1,001,435,367	909,206,536
Restricted	37,653,387	70,807,361	-	-	37,653,387	70,807,361
Unrestricted	109,771,204	74,950,117	189,266,660	190,174,759	299,037,864	265,124,876
Total net position	\$ 435,669,727	\$ 443,746,023	\$ 902,456,891	\$ 801,392,750	\$ 1,338,126,618	\$ 1,245,138,773

The government's net position increased by \$92,987,845 during the current fiscal year. This increase is primarily due to revenues exceeding expenses (188.9%) for business-type activities, which are explained below.

Governmental activities. Below is information regarding Governmental activities (see Table 2).

- Governmental activities decreased the City's net position by \$8,076,296. The primary factor to this decrease was a one-time transfer of \$39,130,995 in capital assets, net of depreciation, out of the general fund to establish the stormwater fund.
- Governmental revenues increased by \$21,129,590, (10.7%) from 2018, this increase is primarily related to charges for services and capital grants and contributions. Charges for services (\$6,471,565), primarily driven by the first full year of operations for Thorncreek Golf Course after renovations; capital grants and contributions (\$6,497,738), and investment earnings (\$3,196,014) represent the largest increases for a total of \$16,165,317. Overall the City experienced growth or was flat in all program and general revenue categories for a strong 2019.
- Governmental expenses increased by \$22,807,473 (13.9%) from 2018. The majority of this increase was related to the internal service funds; Information Technology, Reprographics, and Maintenance Services (\$7,650,946; 685,440; 5,287,159) reporting in the general fund beginning 2019. These increases were offset by a decrease in Police expenditures of (\$3,110,540) primarily related to a change in assumptions and the allocation of pension income (\$3,367,866).

City of Thornton, Colorado
Management's Discussion and Analysis
December 31, 2019

Table 2
Changes in Net Position
As of December 31,

	Governmental activities		Business-type activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 26,805,010	\$ 20,333,445	\$ 71,025,763	\$ 68,384,112	\$ 97,830,773	\$ 88,717,557
Operating grants and contributions	9,442,526	8,068,103	-	-	9,442,526	8,068,103
Capital grants and contributions	32,388,427	25,890,689	43,034,895	35,361,778	75,423,322	61,252,467
General revenues:						
Sales and use taxes	110,473,089	110,306,247	-	-	110,473,089	110,306,247
Property taxes	20,335,200	17,448,489	-	-	20,335,200	17,448,489
Franchise taxes	6,195,392	6,117,914	-	-	6,195,392	6,117,914
E911 taxes	1,114,583	1,110,511	-	-	1,114,583	1,110,511
Other taxes	2,939,920	2,822,423	-	-	2,939,920	2,822,423
Earnings on investments	6,391,532	3,195,518	6,384,386	2,981,846	12,775,918	6,177,364
Gain on sale of assets	31,958	-	2,430,704	202,890	2,462,662	202,890
Miscellaneous	1,913,175	1,607,883	8,754,542	10,353,689	10,667,717	11,961,572
Total revenues	218,030,812	196,901,222	131,630,290	117,284,315	349,661,102	314,185,537
Expenses:						
General government	36,684,800	20,132,128	-	-	36,684,800	20,132,128
Police	37,984,510	41,095,050	-	-	37,984,510	41,095,050
Fire	19,329,627	17,169,938	-	-	19,329,627	17,169,938
City development	16,307,495	17,541,537	-	-	16,307,495	17,541,537
Streets, traffic, and engineering	41,806,524	32,562,600	-	-	41,806,524	32,562,600
Community services	30,208,698	33,151,759	-	-	30,208,698	33,151,759
Interest on long-term debt	4,654,459	2,515,628	-	-	4,654,459	2,515,628
Water	-	-	44,118,390	38,867,160	44,118,390	38,867,160
Sewer	-	-	16,670,678	21,447,839	16,670,678	21,447,839
Sanitation	-	-	5,833,459	5,199,016	5,833,459	5,199,016
Stormwater	-	-	3,074,617	-	3,074,617	-
Total expenses	186,976,113	164,168,640	69,697,144	65,514,015	256,673,257	229,682,655
Increase in net position before transfers	31,054,699	32,732,582	61,933,146	51,770,300	92,987,845	84,502,882
Transfers	(39,130,995)	-	39,130,995	-	-	-
Increase (decrease) in net position	(8,076,296)	32,732,582	101,064,141	51,770,300	92,987,845	84,502,882
Net position, Jan 1	443,746,023	411,013,441	801,392,750	749,622,450	1,245,138,773	1,160,635,891
Net position, Dec 31	\$ 435,669,727	\$ 443,746,023	\$ 902,456,891	\$ 801,392,750	\$ 1,338,126,618	\$ 1,245,138,773

City of Thornton, Colorado
Management's Discussion and Analysis
December 31, 2019

Business-type activities. Information regarding Business-type activities (see Table 2).

- Business-type activities increased the City's net position by \$101,064,141, accounting for 109.1% of the total growth in the government's net position.
- Revenues increased by \$14,345,975 (12.2%) in 2019 compared to 2018. Charges for services (\$71,025,763, 54.0% of total revenues), tap fees (\$20,492,203, 15.6% of total revenues, included in grants and contributions), and oil and gas revenue received on property owned by the City (\$5,074,859, 3.9% of total revenues, included in miscellaneous), represent the three largest inflows to business-type activities. The primary factors in the revenue increase were revenues within the new stormwater fund for charges for services (\$3,001,616) and developer contributions (8,753,751); also increases in investment earnings (6,384,386) and onetime gains on a sale of assets (2,430,704).
- Expenses increased \$4,183,129 (6.4%) in 2019 compared to 2018. The Sewer fund expenses decreased (\$4,777,161), the Water Fund increased (\$5,251,230), the Sanitation Fund increased (\$634,443) and the Stormwater Fund initial year expenses were (\$3,074,617). In 2019, the primary factor causing the decrease in Sewer fund was the lack of the contributed asset expense of (\$6,483,398) related to a portion of the Todd Creek Interceptor pipeline (outside City limits) contributed to the Metro Wastewater Reclamation District as required per an intergovernmental agreement in 2018. The pipeline was constructed to move sewer flows from the north end of the city to the new Metro Wastewater Treatment Plant.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The following details are contained in the fund financial statements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Below is information regarding governmental funds.

- The City governmental funds reported combined ending fund balances of \$149,703,055, a decrease of \$32,732,950.
- The decrease in fund balance is primarily related to the spending of previously unspent bond proceeds (29,439,407), primarily on the new City Trail Winds Rec Center.

Approximately 52.1% of year end fund balance (\$78,016,715) is available for spending at the government's discretion. The remainder of fund balance (\$71,686,340) is nonspendable, restricted or committed to indicate that it is not available for new spending. The largest component is restricted (\$46,433,763, 64.8%). The decrease in restricted balance year over year is primarily related to the decrease in parks and open space due to the spending of bond proceeds for the new Trail Winds Rec Center.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was 38.5% (\$19,744,899) of total fund balance (\$51,293,137). As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 14.5% of total actual General Fund expenditures, while total fund balance represents 37.6% of that same amount. The growth in fund balance can be attributed to three primary factors; the consolidation of internal service funds (information technology, reprographics, and maintenance services), the first full year of operation after renovation for the Thorncreek Golf Course, and earnings on investments.

The Governmental Capital Projects Fund is funded primarily with sales and use taxes and provides for the repair, replacement and planned growth of infrastructure and other capital assets of the City government. At the end of the current fiscal year, assigned fund balance was equal to total fund balance (\$40,968,900).

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water, Sewer, Sanitation, and Stormwater Funds at the end of the year amounted to \$161,703,135, \$19,767,688, \$7,016,318, and \$779,519 respectively. The change in net position for the funds was an increase in Water of \$49,149,678, an increase in Sewer of \$4,102,428, a decrease in Sanitation of \$20,849 and an increase in Stormwater of \$47,832,884. Increases in all proprietary fund is primarily attributed to the Net investment in capital assets.

City of Thornton, Colorado
Management's Discussion and Analysis
December 31, 2019

General Fund Budgetary Highlights

Combined revenues (General Fund and Governmental Capital Fund) were greater than budgetary estimates and General Fund expenditures were less than appropriations. The majority of governmental sales and use tax, 86.9% (\$96,040,191) is available for General Fund operations and capital projects. In 2019, the City utilized sales and use tax revenue as needed in the General Fund, the remainder of this available revenue was accumulated in the Governmental Capital Fund to prepare for planned improvements and expansion of infrastructure and community facilities. General Fund expenditures were under budget by \$700,025 in 2019 primarily related to lower than anticipated spending on salaries and related benefits for the new Trail Winds Recreation Center.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2019 amounts to \$1,148,642,941 (net of accumulated depreciation). This investment in capital assets includes land and water rights, building and improvements, leisure areas and improvements, general equipment, and infrastructure (see Table 3).

Major capital asset events during the current fiscal year included the following:

- Governmental capital assets increased in the current year by \$12,597,839 net of accumulated depreciation. The majority of this increase was related to the new Trail Winds Recreation Center (\$41,263,247) that opened in November 2019, located at 136th and Holly Street. This is a state of the art recreation facilities with aquatics area that will provide service to the northern areas of the community. The City also added (\$18,751,240) of contributed capital related to development. The governmental capital assets were decreased by a transfer of assets, net of depreciation, \$39,130,995 out of the general fund to the stormwater fund. Spending in 2019 that was carried in construction in progress was related to the new Active Adult Center (5,945,788), Fire Station #1 (\$2,640,495), the City's replacement of the existing Fire Station #1, and the widening of two major arteries through the City (\$8,684,481), the widening of 112th Ave and 136th and Holly St. intersection.
- Proprietary capital assets increased by \$102,392,097 net of accumulated depreciation. The majority of the increase was related to costs associated with the Thornton Water Treatment Plant replacement project (\$39,532,496) and the transfer of assets from general fund to stormwater (39,130,995). Construction began on the new water treatment plant to replace the Thornton Treatment Plant, which is more than 55 years old and nearing its useful life. The stormwater fund was opened in 2019 for the purpose of tracking and managing the infrastructure moving storm water safely through the City.

Additional information on the City's capital assets can be found in note E on pages 36-37 of this report.

Table 3
Capital Assets (net of depreciation)
As of December 31,

	Governmental activities		Business-type activities		Total	
	2019	2018	2019	2018	2019	2018
Land, water and land rights	\$ 49,968,248	\$ 49,338,858	\$ 203,738,894	\$ 202,213,365	\$ 253,707,142	\$ 251,552,223
Source of supply	-	-	128,513,466	129,250,941	128,513,466	129,250,941
Water treatment plant	-	-	56,000,939	55,383,974	56,000,939	55,383,974
Collection, transmission, & distribution	-	-	245,630,355	191,017,896	245,630,355	191,017,896
Streets, traffic, and engineering	140,209,807	168,220,951	-	-	140,209,807	168,220,951
Buildings, structures and improvements	108,558,910	66,790,230	14,593,216	13,936,310	123,152,126	80,726,540
Leisure areas and improvements	50,184,782	41,723,725	-	-	50,184,782	41,723,725
General equipment	22,167,586	23,320,780	7,231,146	6,562,585	29,398,732	29,883,365
Construction in progress	27,087,642	36,184,592	94,757,950	49,708,799	121,845,592	85,893,391
Total	<u>\$ 398,176,975</u>	<u>\$ 385,579,136</u>	<u>\$ 750,465,966</u>	<u>\$ 648,073,870</u>	<u>\$ 1,148,642,941</u>	<u>\$ 1,033,653,006</u>

City of Thornton, Colorado
Management's Discussion and Analysis
December 31, 2019

Long-term debt. At the end of the current fiscal year, the City had total debt outstanding of \$141,375,000 (see Table 4). The City's debt represents certificates of participation of \$72,960,000 and revenue bonds of \$68,415,000. The revenue bonds outstanding are comprised of three issues: \$10,360,000 related to the Thornton Development Authority Tax Increment Revenue Refunding Bonds, Series 2015, serviced by 50% of the property tax increment and 50% of the general sales tax collected within the boundaries of that urban renewal plan area, \$25,025,000 related to the Thornton Development Authority Tax Increment Revenue Bonds, Series 2015B, serviced by 100% of the property tax increment and general sales tax generated from the annually determined pledged sales tax rate, both net of other obligations, collected within the boundaries of that plan area, and \$33,030,000 related to Water Enterprise Revenue Refunding Bonds supported by a pledge of charges for services of the Water Fund.

The City's total debt decreased by \$7,670,000 (5.1%) during the current fiscal year due to debt service payments throughout the year.

In 2019, the Standard & Poor's rating on the Water Enterprise Revenue Refunding Bonds, Series 2013, was AA; on the Certificates of Participation S2007 and S2018 was AA-, and on the Tax Increment Bonds, Series 2015 and 2015B, was A+. In 2019, Moody's rated the Water Revenue Refunding Bonds Series 2013, Aa2, and the Certificates of Participation, Aa3. The Tax Increment Bonds, Series 2015 and 2015B were not rated by Moody's.

Table 4
 Outstanding Debt (Revenue Bonds and Certificates of Participation)
 As of December 31,

	Governmental activities		Business-type activities		Total	
	2019	2018	2019	2018	2019	2018
Revenue bonds	\$ 35,385,000	\$ 36,975,000	\$ 33,030,000	\$ 34,590,000	\$ 68,415,000	\$ 71,565,000
Certificates of participation	72,960,000	77,480,000	-	-	72,960,000	77,480,000
Total	<u>\$ 108,345,000</u>	<u>\$ 114,455,000</u>	<u>\$ 33,030,000</u>	<u>\$ 34,590,000</u>	<u>\$ 141,375,000</u>	<u>\$ 149,045,000</u>

Additional information on the City's long-term debt activity can be found on pages 38-42 of this report.

Economic Factors and Next Year's Budgets and Rates

- The December 31, 2019 unemployment rate for the City was 2.4%, which is lower than last year. The City has the same unemployment rate as the state, is lower than the county's (Adams) rate of 2.5%, and lower than the national rate of 3.5%.
- The national inflation rate increased in 2019 to 2.57% from 2.4% in 2018. The Consumer Price Index for the Denver area decreased in 2019 to 2.67% from 2.7% in 2018.
- In 2019, the City's occupancy rate is approximately 90.9% for retail space, 88.4% for office space and 86.6% for industrial space.
- The City's population has increased by 3,279 people.
- The City's yield on cash and investments increased slightly to 2.29% in 2019. The current projection for 2020's rate is 1.25%. The City invests available funds with safety as the primary goal.

All of these factors were considered in preparing the City's budget for the 2020 fiscal year.

Ending unassigned fund balance in the General Fund was \$19,744,899. Anticipated revenues and the use of this fund balance are expected to be adequate to fund necessary governmental operations and to keep the fund balance in harmony with the City Council's fund balance policy.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Treasurer, City of Thornton, 9500 Civic Center Drive, Thornton, CO 80229 or visit the City's website at www.thorntonco.gov.

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BASIC FINANCIAL STATEMENTS

City of Thornton, Colorado

Statement of Net Position December 31, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS			
Equity in pooled cash and investments	\$ 185,066,650	\$ 183,675,033	\$ 368,741,683
Receivables, net			
Taxes	41,888,858	-	41,888,858
Accounts	8,335,312	10,050,622	18,385,934
Interest and other	700,664	809,703	1,510,367
Inventory of supplies	103,845	-	103,845
Prepays and other assets	10,732	102,756	113,488
Land held for resale	543,099	142,379	685,478
Restricted assets			
Equity in pooled cash and investments	3,755,536	3,097,247	6,852,783
Net pension asset	1,178,999	-	1,178,999
Capital assets			
Land, water rights, and construction in progress	77,055,890	427,010,310	504,066,200
Depreciable buildings, property, and equipment, net	321,121,085	323,455,656	644,576,741
Total assets	<u>639,760,670</u>	<u>948,343,706</u>	<u>1,588,104,376</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	-	1,719,728	1,719,728
Deferred outflow related to ARO	358,882	45,000	403,882
Deferred outflow related to OPEB	797,995	130,678	928,673
Deferred outflow related to pension	18,806,536	-	18,806,536
Total deferred outflows of resources	<u>19,963,413</u>	<u>1,895,406</u>	<u>21,858,819</u>
LIABILITIES			
Accounts payable	25,251,599	5,521,092	30,772,691
Retainage payable	1,129,802	3,534,045	4,663,847
Accrued interest payable	397,976	102,854	500,830
Third party development advances	17,474,799	-	17,474,799
Unearned revenue	107,611	126,470	234,081
Other	5,507,681	184,915	5,692,596
Noncurrent liabilities			
Due within one year	11,135,756	2,016,440	13,152,196
Due in more than one year			
Due in more than one year - other	115,966,657	35,624,734	151,591,391
Due in more than one year - Total OPEB liability	3,849,677	630,515	4,480,192
Due in more than one year - Net pension liability	8,172,824	-	8,172,824
Total liabilities	<u>188,994,382</u>	<u>47,741,065</u>	<u>236,735,447</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property tax	29,471,056	-	29,471,056
Deferred gain on refunding	34,192	-	34,192
Deferred inflows related to OPEB	251,234	41,156	292,390
Deferred inflows related to pensions	5,303,492	-	5,303,492
Total deferred inflows of resources	<u>35,059,974</u>	<u>41,156</u>	<u>35,101,130</u>
NET POSITION			
Net investment in capital assets	288,245,136	713,190,231	1,001,435,367
Restricted for			
Capital projects	7,496,789	-	7,496,789
Communications	820,578	-	820,578
Emergencies	5,370,110	-	5,370,110
Net pension asset	1,178,999	-	1,178,999
Parks and open space	22,430,381	-	22,430,381
Public safety	202,805	-	202,805
Other purposes	153,725	-	153,725
Unrestricted	109,771,204	189,266,660	299,037,864
Total net position	<u>\$ 435,669,727</u>	<u>\$ 902,456,891</u>	<u>\$ 1,338,126,618</u>

The accompanying notes are an integral part of these financial statements.

City of Thornton, Colorado

Statement of Activities For the year ended December 31, 2019

Functions / Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental:							
General government	\$ 36,684,800	\$ 9,396,628	\$ 34,050	\$ 11,375	\$ (27,242,747)		\$ (27,242,747)
Police	37,984,510	2,357,553	1,257,810	143,172	(34,225,975)		(34,225,975)
Fire and ambulance	19,329,627	3,271,005	694,940	244,523	(15,119,159)		(15,119,159)
City development	16,307,495	6,456,272	-	79,328	(9,771,895)		(9,771,895)
Streets, traffic & engineering	41,806,524	-	6,304,029	25,525,320	(9,977,175)		(9,977,175)
Community services	30,208,698	5,323,552	1,151,697	6,384,709	(17,348,740)		(17,348,740)
Interest on long-term debt	4,654,459	-	-	-	(4,654,459)		(4,654,459)
Total governmental activities	186,976,113	26,805,010	9,442,526	32,388,427	(118,340,150)		(118,340,150)
Business-type:							
Water	44,118,390	47,009,075	-	29,601,612		32,492,297	32,492,297
Sewer	16,670,678	15,466,882	-	4,679,532		3,475,736	3,475,736
Sanitation	5,833,459	5,548,190	-	-		(285,269)	(285,269)
Stormwater	3,074,617	3,001,616	-	8,753,751		8,680,750	8,680,750
Total business-type activities	69,697,144	71,025,763	-	43,034,895		44,363,514	44,363,514
Total City of Thornton	\$ 256,673,257	\$ 97,830,773	\$ 9,442,526	\$ 75,423,322	(118,340,150)	44,363,514	(73,976,636)
General revenues:							
Sales and use taxes					110,473,089	-	110,473,089
Property taxes					20,335,200	-	20,335,200
Franchise taxes					6,195,392	-	6,195,392
E911 taxes					1,114,583	-	1,114,583
Other taxes					2,939,920	-	2,939,920
Earnings on investments					6,391,532	6,384,386	12,775,918
Gain on sale of capital assets					31,958	2,430,704	2,462,662
Miscellaneous					1,913,175	8,754,542	10,667,717
Transfers					(39,130,995)	39,130,995	-
Total general revenues					110,263,854	56,700,627	166,964,481
Change in net position					(8,076,296)	101,064,141	92,987,845
Net position, January 1					443,746,023	801,392,750	1,245,138,773
Net position, December 31					\$ 435,669,727	\$ 902,456,891	\$ 1,338,126,618

The accompanying notes are an integral part of these financial statements.

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FUND FINANCIAL STATEMENTS

City of Thornton, Colorado

Balance Sheet Governmental Funds December 31, 2019

	General Fund	TDA North Capital	Governmental Capital Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Equity in pooled cash and investments					
Unrestricted	\$ 59,234,629	\$ 8,034,438	\$ 62,023,705	\$ 50,506,212	\$ 179,798,984
Restricted	-	1,430,736	-	2,324,800	3,755,536
Receivables, net					
Taxes	24,670,721	10,857,765	1,379,498	4,980,874	41,888,858
Accounts	2,209,503	-	5,937,067	9,600	8,156,170
Interest and other	208,332	40,249	229,665	202,605	680,851
Inventory of supplies	103,845	-	-	-	103,845
Prepaid items and other assets	10,732	-	-	-	10,732
Land held for resale	-	-	-	543,099	543,099
Total assets	<u>\$ 86,437,762</u>	<u>\$ 20,363,188</u>	<u>\$ 69,569,935</u>	<u>\$ 58,567,190</u>	<u>\$ 234,938,075</u>
LIABILITIES					
Accounts payable	15,815,222	351,066	4,775,791	4,122,196	25,064,275
Retainage payable	-	118,452	565,213	446,137	1,129,802
Third party development advances	-	-	16,093,719	1,381,080	17,474,799
Unearned revenue	98,011	-	-	9,600	107,611
Other	2,650,842	650,651	1,399,076	807,112	5,507,681
Total liabilities	<u>18,564,075</u>	<u>1,120,169</u>	<u>22,833,799</u>	<u>6,766,125</u>	<u>49,284,168</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	16,580,550	10,273,714	-	2,616,792	29,471,056
Unavailable revenue - intergovernmental	-	-	3,974,688	712,560	4,687,248
Unavailable revenue - grants	-	-	1,792,548	-	1,792,548
Total deferred inflows	<u>16,580,550</u>	<u>10,273,714</u>	<u>5,767,236</u>	<u>3,329,352</u>	<u>35,950,852</u>
FUND BALANCES					
Nonspendable					
Inventories	103,845	-	-	-	103,845
Prepays	10,732	-	-	-	10,732
Restricted					
Parks and open space	-	-	-	28,841,206	28,841,206
Capital projects	-	-	-	7,496,789	7,496,789
Communications	820,578	-	-	-	820,578
Debt service	-	1,390,000	-	2,258,550	3,648,550
Emergencies - TABOR	5,370,110	-	-	-	5,370,110
Public safety	104,973	-	-	97,832	202,805
Other purposes	-	-	-	53,725	53,725
Committed					
Emergencies	25,138,000	-	-	-	25,138,000
Assigned					
Capital projects	-	7,579,305	40,968,900	8,449,105	56,997,310
Land held for resale	-	-	-	543,099	543,099
Parks and open space	-	-	-	447,723	447,723
Other purposes	-	-	-	283,684	283,684
Unassigned	19,744,899	-	-	-	19,744,899
Total fund balances	<u>51,293,137</u>	<u>8,969,305</u>	<u>40,968,900</u>	<u>48,471,713</u>	<u>149,703,055</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 86,437,762</u>	<u>\$ 20,363,188</u>	<u>\$ 69,569,935</u>	<u>\$ 58,567,190</u>	<u>\$ 234,938,075</u>

The accompanying notes are an integral part of these financial statements.

City of Thornton, Colorado

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position December 31, 2019

Total fund balances for governmental funds (page 16)		\$ 149,703,055
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:		
Land and land rights	49,968,248	
Construction in progress	27,087,642	
Streets, Traffic & Engineering, net of \$235,016,751 accumulated depreciation	140,209,807	
Buildings and improvements, net of \$34,505,230 accumulated depreciation	108,558,910	
Leisure areas & improvements, net of \$48,146,441 accumulated depreciation	50,184,782	
General equipment, net of \$32,346,331 accumulated depreciation	22,167,586	
Total capital assets		398,176,975
Net Pension Asset		1,178,999
Internal service funds are used by the City to account for the financing of goods or services provided by one department or agency to other departments or agencies. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.		352,766
Governmental funds report the effect of deferred charges on refunding debt when it is first issued, whereas these amounts are amortized over the life of the bonds in the government wide financial statements		(34,192)
Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term are reported in the statement of net position Balances at December 31, 2019 are:		
Accrued interest on bonds and certificates of participation	(397,976)	
Bonds payable, net of unamortized premium	(37,812,728)	
Obligation under certificates of participation	(76,932,351)	
Obligation under capitalized leases	(433,591)	
Total OPEB liability	(3,831,888)	
Compensated absences	(6,587,750)	
Net pension liability	(8,172,824)	
Asset retirement obligation	(425,000)	
Total long-term liabilities		(134,594,108)
Deferred outflows related to asset retirement obligation		358,882
Deferred inflows related to unearned revenues are applicable to future periods and, therefore, are not reported in the funds:		
Deferred inflows related to intergovernmental	4,687,248	
Deferred inflows related to grants	1,792,548	
		6,479,796
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflows relating to OPEB	794,502	
Deferred outflows relating to pensions	18,806,536	
Deferred inflows relating to OPEB	(249,992)	
Deferred inflows relating to pensions	(5,303,492)	
Total deferred items		14,047,554
Total net position governmental activities (page 12)		\$ 435,669,727

City of Thornton, Colorado

Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds For the year ended December 31, 2019

	General Fund	TDA North Capital	Governmental Capital Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes					
Sales and use	\$ 81,489,666	\$ 5,523,172	\$ 14,550,525	\$ 8,909,726	\$ 110,473,089
Property	13,517,289	4,589,770	-	2,228,141	20,335,200
Franchise	6,195,392	-	-	-	6,195,392
E911	-	-	-	1,114,583	1,114,583
Other	2,935,501	-	-	4,419	2,939,920
Licenses and permits	6,478,463	-	-	-	6,478,463
Intergovernmental	7,773,681	-	3,926,394	6,290,278	17,990,353
Governmental grants	1,545,248	-	1,718,022	642,164	3,905,434
Charges for services	17,452,032	-	-	-	17,452,032
Fines and forfeitures	2,230,512	-	-	-	2,230,512
Lease	-	-	175,701	-	175,701
Investment earnings	1,910,793	385,568	2,089,622	2,005,549	6,391,532
Miscellaneous	886,474	79,318	383,685	139,360	1,488,837
Total revenues	<u>142,415,051</u>	<u>10,577,828</u>	<u>22,843,949</u>	<u>21,334,220</u>	<u>197,171,048</u>
EXPENDITURES					
Current					
General government	32,344,427	-	-	-	32,344,427
Police	37,937,011	-	-	-	37,937,011
Fire and ambulance	19,750,199	-	-	-	19,750,199
City development	9,347,955	-	-	-	9,347,955
Streets, traffic and engineering	11,850,137	-	2,464,805	807,112	15,122,054
Community services	21,926,289	-	-	91,117	22,017,406
Capital outlay	3,227,589	14,304,786	24,695,185	40,865,867	83,093,427
Debt service					
Principal retirement	114,346	920,000	3,282,467	1,907,534	6,224,347
Interest and bond fees	19,268	490,763	1,268,419	3,511,482	5,289,932
Total expenditures	<u>136,517,221</u>	<u>15,715,549</u>	<u>31,710,876</u>	<u>47,183,112</u>	<u>231,126,758</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,897,830</u>	<u>(5,137,721)</u>	<u>(8,866,927)</u>	<u>(25,848,892)</u>	<u>(33,955,710)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	6,042,991	-	1,269,538	34,765	7,347,294
Transfers out	(34,765)	(4,049,241)	-	(2,229,541)	(6,313,547)
Sale of general capital assets	108,423	-	80,590	-	189,013
Total other financing sources (uses)	<u>6,116,649</u>	<u>(4,049,241)</u>	<u>1,350,128</u>	<u>(2,194,776)</u>	<u>1,222,760</u>
Net change in fund balances	<u>12,014,479</u>	<u>(9,186,962)</u>	<u>(7,516,799)</u>	<u>(28,043,668)</u>	<u>(32,732,950)</u>
Fund balances, January 1	<u>39,278,658</u>	<u>18,156,267</u>	<u>48,485,699</u>	<u>76,515,381</u>	<u>182,436,005</u>
Fund balances, December 31	<u>\$ 51,293,137</u>	<u>\$ 8,969,305</u>	<u>\$ 40,968,900</u>	<u>\$ 48,471,713</u>	<u>\$ 149,703,055</u>

The accompanying notes are an integral part of these financial statements.

City of Thornton, Colorado

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the year ended December 31, 2019

Net change in fund balances - total governmental funds (page 18)		\$	(32,732,950)
Amounts reported for governmental activities in the statement of activities are different because:			
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capitalized capital outlays (\$53,702,252) less work in progress deletions (\$809,179), exceeded depreciation (\$21,977,742) in the current period.			30,915,331
The net effect of various miscellaneous transactions involving capital assets is to decrease net position (contributions of \$18,751,240 plus the gain of \$31,958 less the revenue recognized at the fund level of \$189,013 on the sale of capital assets, plus ISF \$2,219,317 less \$39,130,995 for assets, net of depreciation, transferred to the Stormwater fund).			(18,317,493)
Repayment of bond and lease principal is reported as an expenditure in the governmental funds. However, the repayment reduces long-term liabilities on the Statement of Net Position, so this transaction has no effect on net position.			
Repayments:			
To bond holders	1,590,000		
To Capital Asset Finance Corporation for certificates of participation	4,520,000		
Obligation under capitalized leases	114,346		
Net adjustment			6,224,346
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these difference in the treatment of long-term debt and related items.			372,859
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of until due, rather than as it accrues. This adjustment combines the net changes:			
Adjustment to compensated absences	(457,210)		
Accrued interest on bonds	262,614		
Asset Retirement Obligation Expense	(66,118)		
Combined adjustment			(260,714)
Under the modified accrual basis of accounting used in the governmental funds, revenues are recognized when measurable and available. In the Statement of Activities, which is presented on the accrual basis, revenues are reported when earned regardless of availability.			
Intergovernmental revenues	338,904		
Grant revenues	1,580,603		
Combined adjustment			1,919,507
Other postemployment benefits and pension expenses were reported in the Government-Wide Statement of Activities, but they did not require the use of current financial resources. Therefore, the increase or decrease in the other postemployment benefit liability and the net pension liabilities were not reported as an expenditure or (credit) in the government funds.			
Other Postemployment benefit expenses			(249,187)
Pension Income			5,049,043
Internal Service Funds are used by the City to account for the financing of goods or services provided by one department or agency to other departments or agencies. The net revenues of the internal service funds are reported with governmental activities.			(2,466,009)
Internal Service Funds Transfer of 2018 Net Position to collapse Information Technology, Reprographics and Maintenance Services \$2,502,717, less transfer out to General Fund (\$1,033,746)			1,468,971
Change in net position governmental activities (page 13)		\$	(8,076,296)

City of Thornton, Colorado

**Statement of Net Position
Proprietary Funds
December 31, 2019**

	Business-type Activities Enterprise Funds				Governmental Activities	
	Water	Sewer	Stormwater	Other Enterprise Funds	Total	Internal Service Risk Fund
ASSETS						
Current assets						
Equity in pooled cash and investments - unrestricted	\$ 155,284,870	\$ 20,034,998	\$ 912,543	\$ 7,442,622	\$ 183,675,033	\$ 5,267,666
Equity in pooled cash and investments - restricted	3,097,247	-	-	-	3,097,247	-
Receivables, net						
Accounts	7,898,150	1,636,324	93,641	422,507	10,050,622	179,142
Interest and other	602,326	75,065	3,003	26,868	707,262	19,813
Prepays and other assets	102,756	-	-	-	102,756	-
Land held for resale	142,379	-	-	-	142,379	-
Total current assets	167,127,728	21,746,387	1,009,187	7,891,997	197,775,299	5,466,621
Noncurrent assets						
Loan receivable, net of current portion	102,441	-	-	-	102,441	-
Capital assets						
Land and water rights	203,411,247	327,647	-	-	203,738,894	-
Source of supply	128,513,466	-	-	-	128,513,466	-
Water treatment plant	86,097,745	-	-	-	86,097,745	-
Collection, transmission, and distribution	232,011,894	93,430,438	63,595,652		389,037,984	-
Transportation equipment	1,890,320	1,320,252	1,340,781	4,657,784	9,209,137	-
General equipment	9,240,443	1,407,679	835,849	598,646	12,082,617	-
Buildings and improvements	21,730,438	2,428,376	-	684,752	24,843,566	-
Less accumulated depreciation	(129,091,495)	(47,031,492)	(18,913,753)	(2,778,653)	(197,815,393)	-
Construction in progress	93,019,797	1,542,547	195,606	-	94,757,950	-
Total noncurrent assets	646,926,296	53,425,447	47,054,135	3,162,529	750,568,407	-
Total assets	814,054,024	75,171,834	48,063,322	11,054,526	948,343,706	5,466,621
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflow related to OPEB	80,294	17,542	12,114	20,728	130,678	3,493
Deferred outflow related to ARO	45,000	-	-	-	45,000	-
Deferred charge on refunding	1,719,728	-	-	-	1,719,728	-
Total deferred outflows of resources	1,845,022	17,542	12,114	20,728	1,895,406	3,493

The accompanying notes are an integral part of these financial statements.

	Business-type Activities Enterprise Funds				Governmental Activities	
	Water	Sewer	Stormwater	Other Enterprise Funds	Total	Internal Service Risk Fund
LIABILITIES						
Current liabilities						
Accounts payable	\$ 2,808,893	\$ 1,894,715	\$ 109,924	\$ 707,560	\$ 5,521,092	\$ 187,324
Retainage payable	3,474,730	58,545	770	-	3,534,045	-
Other	184,915	-	-	-	184,915	-
Unearned revenue	126,470	-	-	-	126,470	-
Payable from restricted assets						
Accrued bond interest payable	102,854	-	-	-	102,854	-
Revenue bonds payable	1,620,000	-	-	-	1,620,000	-
Compensated absences	372,195	1,524	18,648	4,073	396,440	7,062
Outstanding reserves and incurred but not reported claims	-	-	-	-	-	2,151,317
Total current liabilities	8,690,057	1,954,784	129,342	711,633	11,485,816	2,345,703
Long-term liabilities						
Revenue bonds payable, excluding current portion, net of other unamortized costs	33,886,418	-	-	-	33,886,418	-
Total OPEB liability	395,418	75,206	57,701	102,190	630,515	17,789
Compensated absences	369,278	20,700	51,807	75,726	517,511	24,919
Other obligations	1,220,805	-	-	-	1,220,805	-
Outstanding reserves and incurred but not reported claims	-	-	-	-	-	2,727,695
Total long-term liabilities	35,871,919	95,906	109,508	177,916	36,255,249	2,770,403
Total liabilities	44,561,976	2,050,690	238,850	889,549	47,741,065	5,116,106
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to OPEB	26,500	4,096	3,702	6,858	41,156	1,242
Total deferred inflows of resources	26,500	4,096	3,702	6,858	41,156	1,242
NET POSITION						
Net investment in capital assets	609,607,435	53,366,902	47,053,365	3,162,529	713,190,231	-
Restricted - other purposes	-	-	-	-	-	100,000
Unrestricted	161,703,135	19,767,688	779,519	7,016,318	189,266,660	252,766
Total net position	\$ 771,310,570	\$ 73,134,590	\$ 47,832,884	\$ 10,178,847	\$ 902,456,891	\$ 352,766

City of Thornton, Colorado

Statement of Revenues, Expenses and Changes in Net Position Proprietary Funds For the year ended December 31, 2019

	Business-type Activities Enterprise Funds				Governmental Activities Internal Service Risk Fund
	Water	Sewer	Stormwater	Other Enterprise Funds	Total
OPERATING REVENUES					
Charges for services pledged for debt	\$ 47,009,075	\$ -	\$ -	\$ -	\$ 47,009,075
Charges for services	-	15,466,882	3,001,616	5,548,190	24,016,688
Miscellaneous revenue	119,102	2,001	-	22,378	143,481
Interfund services	-	-	-	-	-
Total operating revenues	47,128,177	15,468,883	3,001,616	5,570,568	71,169,244
OPERATING EXPENSES					
Source of supply	8,155,968	-	-	-	8,155,968
Water treatment	11,445,556	-	-	-	11,445,556
Collection, transmission distribution, and trash removal	3,335,653	1,599,412	875,433	3,236,592	9,047,090
Sewage treatment-Metro Wastewater	-	10,764,391	-	-	10,764,391
Insurance premiums	-	-	-	-	-
Claims and reserves for claims	-	-	-	-	-
Other operating expenses	3,338,025	232,151	275	738,151	4,308,602
Administration	9,223,208	1,777,861	1,172,692	1,187,505	13,361,266
Depreciation	7,378,989	2,296,863	1,026,217	671,211	11,373,280
Total operating expenses	42,877,399	16,670,678	3,074,617	5,833,459	68,456,153
Operating income (loss)	4,250,778	(1,201,795)	(73,001)	(262,891)	2,713,091
NONOPERATING REVENUES (EXPENSES)					
Gain (loss) on sale (disposal) of capital assets	2,477,056	(46,000)	-	(352)	2,430,704
Interest income	5,450,162	670,691	21,139	242,394	6,384,386
Interest and bond amortization expense	(1,240,991)	-	-	-	(1,240,991)
Miscellaneous, net	8,611,061	-	-	-	8,611,061
Total nonoperating revenues	15,297,288	624,691	21,139	242,042	16,185,160
Income (loss) before capital contributions and transfers	19,548,066	(577,104)	(51,862)	(20,849)	18,898,251
Grants and capital contributions	29,601,612	4,679,532	47,884,746	-	82,165,890
Transfers out	-	-	-	-	-
Change in net position	49,149,678	4,102,428	47,832,884	(20,849)	101,064,141
Net position, January 1	722,160,892	69,032,162	-	10,199,696	801,392,750
Net position, December 31	\$ 771,310,570	\$ 73,134,590	\$ 47,832,884	\$ 10,178,847	\$ 902,456,891

The accompanying notes are an integral part of these financial statements.

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City of Thornton, Colorado

**Statement of Cash Flows
Proprietary Funds
For the year ended December 31, 2019**

	Business-type Activities Enterprise Funds					Governmental Activities
	Water	Sewer	Stormwater	Other Enterprise Funds	Total	Internal Service Risk Fund
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and others	\$ 50,495,597	\$ 15,488,482	\$ 2,907,975	\$ 5,574,087	\$ 74,466,141	\$ -
Receipts from interfund services	-	-	-	-	-	6,353,757
Payments to suppliers	(23,481,816)	(12,630,481)	(1,038,781)	(2,574,071)	(39,725,149)	(5,447,456)
Payments to employees	(9,983,926)	(1,160,687)	(779,181)	(2,071,860)	(13,995,654)	(598,917)
Net cash provided by operating activities	<u>17,029,855</u>	<u>1,697,314</u>	<u>1,090,013</u>	<u>928,156</u>	<u>20,745,338</u>	<u>307,384</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Grant	27,705	-	-	-	27,705	-
Receipts from nonoperating leases	5,158,668	-	-	-	5,158,668	-
Net cash provided by (used in) noncapital financing activities	<u>5,186,373</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,186,373</u>	<u>(889,344)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchases and construction of capital assets	(54,010,930)	(1,920,304)	(195,606)	(483,838)	(56,610,678)	-
Proceeds from sale of capital assets	3,244,472	1,556	-	-	3,246,028	-
Principal paid on bonds and other obligations	(1,560,000)	-	-	-	(1,560,000)	-
Interest and fees paid on capital debt	(1,296,919)	-	-	-	(1,296,919)	-
Capital contributions	18,964,003	1,528,200	-	-	20,492,203	-
Net cash used in capital and related financing activities	<u>(34,659,374)</u>	<u>(390,548)</u>	<u>(195,606)</u>	<u>(483,838)</u>	<u>(35,729,366)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sale of investments	133,250,964	14,927,540	143,103	5,563,452	153,885,059	3,964,877
Purchases of investments	(138,942,570)	(17,579,823)	(815,391)	(6,523,125)	(163,860,909)	(4,631,419)
Interest on investments	5,314,174	648,340	18,136	235,257	6,215,907	171,478
Net cash used in investing activities	<u>(377,432)</u>	<u>(2,003,943)</u>	<u>(654,152)</u>	<u>(724,416)</u>	<u>(3,759,943)</u>	<u>(495,064)</u>
Net decrease in cash and cash equivalents	(12,820,578)	(697,177)	240,255	(280,098)	(13,557,598)	(1,077,024)
Cash and cash equivalents, Jan. 1	53,784,508	5,880,134	-	2,203,346	61,867,988	2,442,389
Cash and cash equivalents, Dec. 31	<u>\$ 40,963,930</u>	<u>\$ 5,182,957</u>	<u>\$ 240,255</u>	<u>\$ 1,923,248</u>	<u>\$ 48,310,390</u>	<u>\$ 1,365,365</u>
Cash and cash equivalents	\$ 40,963,930	\$ 5,182,957	\$ 240,255	\$ 1,923,248	\$ 48,310,390	\$ 1,365,365
Investments	117,418,187	14,852,041	672,288	5,519,374	138,461,890	3,902,301
Total cash and investments	<u>\$ 158,382,117</u>	<u>\$ 20,034,998</u>	<u>\$ 912,543</u>	<u>\$ 7,442,622</u>	<u>\$ 186,772,280</u>	<u>\$ 5,267,666</u>
Equity in pooled cash and investments	\$ 155,284,870	\$ 20,034,998	\$ 912,543	\$ 7,442,622	\$ 183,675,033	\$ 5,267,666
Restricted cash and investments	3,097,247	-	-	-	3,097,247	-
Total cash and investments	<u>\$ 158,382,117</u>	<u>\$ 20,034,998</u>	<u>\$ 912,543</u>	<u>\$ 7,442,622</u>	<u>\$ 186,772,280</u>	<u>\$ 5,267,666</u>

The accompanying notes are an integral part of these financial statements.

	Business-type Activities Enterprise Funds					Governmental Activities
	Water	Sewer	Stormwater	Other Enterprise Funds	Total	Internal Service Risk Fund
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES						
Operating income (loss)	\$ 4,250,778	\$ (1,201,795)	\$ (73,001)	\$ (262,891)	\$ 2,713,091	\$ (160,583)
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation expense	7,378,989	2,296,863	1,026,217	671,211	11,373,280	-
Miscellaneous receipts	3,575,039	-	-	-	3,575,039	20,000
Other expenses	(5,000)	-	-	-	(5,000)	-
Change in assets and liabilities:						
Decrease (increase) in accounts receivable, net	(216,426)	19,600	(93,641)	3,520	(286,947)	(1,700)
Decrease in loans receivable	17,596	-	-	-	17,596	-
(Increase) in other assets	(102,756)	-	-	-	(102,756)	-
(Increase) in deferred outflows of resources						
Other	(45,000)	-	-	-	(45,000)	-
Decrease in deferred outflows of resources						
OPEB Related	23,523	2,288	(12,114)	6,101	19,798	1,173
Increase (decrease) in accounts payable	2,022,460	591,379	110,694	506,822	3,231,355	(14,015)
Increase in OPEB	3,450	336	57,701	895	62,382	172
Increase (decrease) in other liabilities	125,686	(12,359)	70,455	(175)	183,607	461,823
(Decrease) in unearned revenue	(8,789)	-	-	-	(8,789)	-
Increase in deferred inflows of resources						
OPEB Related	10,305	1,002	3,702	2,673	17,682	514
Net cash provided by operating activities	<u>\$ 17,029,855</u>	<u>\$ 1,697,314</u>	<u>\$ 1,090,013</u>	<u>\$ 928,156</u>	<u>\$ 20,745,338</u>	<u>\$ 307,384</u>

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

Investing Activities						
Increase in the fair value of investments	\$ 1,821,659	\$ 209,040	\$ 2,663	\$ 77,156	\$ 2,110,518	\$ 55,409
Financing Activities						
Bond amortization premiums	50,728	-	-	-	50,728	-
Capital Activities						
Loss on disposal of capital assets	(767,416)	(47,556)	-	(352)	(815,324)	-
Water, sewer, and stormwater lines contributed by developers	6,947,233	3,151,332	8,753,751	-	18,852,316	-
Contributed capital from governmental funds	-	-	39,130,995	-	39,130,995	-

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Thornton, Colorado ("the City") was incorporated May 26, 1956. The citizenry voted to become a home rule city in 1967 under the provisions of Article XX of the Constitution of the State of Colorado. The City operates under a Council-Manager form of government and provides the following services, as authorized by its charter: public safety (police, fire, and ambulance), highways and streets, public improvements, water, sewer, sanitation and storm water, culture and recreation, debt service and general administrative services, including financial, planning and zoning, and municipal court services.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governments in accordance with those promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies:

1. Reporting Entity

The City follows the Governmental Accounting Standards Board (GASB) accounting pronouncements, which provide guidance for determining which governmental activities, organizations, and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organizations elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes but is not limited to, appointment of a voting majority of the organizations governing body, ability to impose its will on the organization, and potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

On September 25, 2018, the City Council approved an ordinance authorizing the organization of the RII-DII Business Improvement District (BID). RII DII BID is a separate legal entity pursuant to state statute for the purpose of constructing and financing of public improvements in the District. RII DII BID is located within the North Washington Urban Renewal Area at 148th avenue and Washington Street on approximately 75 acres. The City determined that RII-DII BID meets the definition of a discretely presented component unit for the following reasons: the City's ability to appoint RII-DII BID's governing authority and approve the budget and its revisions. Management believes RII DII BID's operational and financial relationship with the City is immaterial and is not included within the reporting entity. The City does not have any responsibilities to fund RII-DII BID's operating deficiencies or deficits.

Complete financial statements for the RII-DII BID can be obtained from:
Bow River Capital, Attn: RII DII BID, 205 Detroit Street, Suite 800, Denver, CO 80206.

As required by generally accepted accounting principles (GAAP), these financial statements present the City (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City. These component units are so intertwined with the City that they are, in substance, the same as the City and, therefore, are blended and reported as if they were part of the City. None of the component units listed below report their financial statements independent from the City.

The management of the City has operational responsibility for each of the following component units, and therefore, they are included within the reporting entity (in blended presentation):

Thornton Development Authority (TDA) - The TDA, an Urban Renewal Authority organized pursuant to Part 1, Article 25, Title 31 of the Colorado Revised Statutes, was established to finance the design and construction of the Thornton Parkway highway interchange, as well as various other improvements within the TDA's boundaries. The City Council is the TDA's governing board. The debt of the TDA is disclosed as tax increment bonds, but is not a general obligation of the City (primary government). There are three urban renewal areas within the City, the South Capital Fund, the North Capital Fund, and the 144th Capital Fund. For ease of financial management, separate funds were established for the improvements in each geographical area.

Thornton Arts, Sciences, and Humanities Council, Inc. (TASHCO) - TASHCO, a legally separate, nonprofit corporation, was established to expand the Cultural Arts and Scientific program offerings within the City of Thornton. TASHCO is funded by a local grant, donations, ticket sales, and contribution from the General Fund. In 2007, the City Council appointed an advisory board consisting of citizens to serve as liaison for the City Council to the community at large to ensure programming services are meeting the needs and desires of the public. The City Council is the governing board of the TASHCO and approves the annual budget, making all substantive decisions regarding the operations of the TASHCO.

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. Reporting Entity (Continued)

136th Avenue General Improvement District (GID) – 136th Avenue GID was established to account for the collection of assessment revenues to be used exclusively for the purpose of constructing an interchange at 136th Avenue and Interstate 25. The City Council is the GID's governing board.

E911 Authority Fund – This fund was established to account for E911 surcharges received from telecommunications companies doing business within the City to pay for a portion of the costs authorized by State statute for the City to provide emergency telephone service. The City Council is the E911's governing board.

2. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government (the City). These statements include the financial activities of the overall government.. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. Separate financial statements are provided for governmental and proprietary funds.

The statement of activities presents comparisons between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds, including its blended component units. Separate statements are provided for governmental and proprietary funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

The City reports the following major governmental funds:

General Fund. This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Governmental Capital Fund. This fund accounts for capital improvement projects financed by current resources (investment income, sales and use tax), as well as by restricted grant and intergovernmental revenues, developer contributions, and bond proceeds.

Thornton Development Authority North Washington Fund (TDA North) (Component Unit). To account for debt services and capital improvement projects within the Authority boundaries financed by current resources (property tax, sales tax, investment income) and by bond proceeds. The debt service payments are for the following bond issue: \$13,900,000 Thornton Development Authority Tax Incremental Revenue Refunding (North Washington Street Urban Corridor), Series 2015 – financed by sales and property tax incremental increases within the boundaries of the North Washington Urban Renewal Area. The bonds are due in semi-annual payments until maturity in 2028.

The City reports the following major enterprise funds:

Water Utility Fund. This fund accounts for the provision of water services to residents of the City and some residents of unincorporated Adams County.

Sewer Utility Fund. This fund accounts for the provision of sewer services to residents of the City and some residents of unincorporated Adams County.

Stormwater Fund. This fund accounts for the provision of stormwater services to residents of the City and some residents of unincorporated Adams County.

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Basis of Presentation (Continued)

Fund types that do not meet the criteria of major funds have been summarized and presented as other governmental funds and other enterprise funds within the fund financial statements as appropriate.

Additionally, the City reports the following fund type:

Internal Service Funds. This fund accounts for the costs related to providing the departments of the City with a comprehensive program to manage its property, liability, and work-related injury risk. The previous internal service funds; computer support for all information technology; copying and mailing; and building maintenance, fleet administration, repairs and custodial services; were closed January 1, 2019 and are reported in the General Fund.

3. Measurement Focus, Basis of Accounting

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes and grants. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Amounts reported as program revenues include 1) charges to customers for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year end, with the exception of sales tax, for which revenues collected and held by vendors at year end on behalf of the City is recognized as revenue if collected within thirty days after year end, and property taxes, for which revenues collected within thirty days after year end are recognized.

Those revenues susceptible to accrual are property, franchise, cigarette, sales and some use taxes, interest revenue, and charges for services. Fines and forfeitures, licenses and permits, and building use tax revenues are not susceptible to accrual because generally they are not measurable until received in cash. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the City.

Expenditures are recorded when the related fund liability is incurred. Principal and interest on long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the fund for payments to be made early in the following year. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt reported as other financing sources.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and internal service fund are charges to customers for sales or services. Operating expenses for enterprise funds and internal service fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Miscellaneous nonoperating revenue consists primarily of lease and royalty revenue.

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Measurement Focus, Basis of Accounting (Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are the charges between the City's utility functions and various other functions, as well as an administrative fee charged by the General government activity to the other activities. Elimination of these charges would distort the costs and program revenues reported for the various functions.

4. Budgets and Budgetary Accounting

The City Council follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. The City Manager submits to the Mayor and the City Council a proposed budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures of all funds and the means of financing them.
- b. A public hearing is conducted to obtain taxpayer comments.
- c. Prior to the end of the fiscal year, the budget for the next fiscal year is legally adopted through passage of a resolution. An appropriation ordinance, based on the adopted budget, is enacted on or before the last day of December.
- d. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total appropriations of any fund must be approved by the City Council.
- e. The level on which expenditures may not legally exceed appropriations is the legally adopted annual operating budget for each fund in total. All appropriations for operating budgets lapse at year end.
- f. Budgets for governmental funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual budgets are legally adopted for most governmental funds. In any given year, an individual fund may not be budgeted if expenditures for the year are not anticipated. In 2019, all governmental funds had legally adopted annual budgets. Notes 4g. and 4h. explain funds with budgets that are on a non-GAAP basis. Note 4i. explains budgetary practices for capital project funds/accounts.
- g. Budgets for governmental capital projects funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America, except that the City includes the capital outlay costs for purchases of land intended for resale and excludes subsequent gains or losses on the resale of the land. In addition, the City excludes gain or loss on disposal of capital assets, acquisition of capital leases, any balances transferred due to closure of a fund and miscellaneous non-cash adjustments.
- h. Budgets for proprietary funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America, except that the City excludes depreciation, amortization, gain or loss on disposal of capital assets, and incurred but not reported claims and includes debt service principal and interest payments and capital outlay. In addition, any balances transferred due to closure of a fund and miscellaneous non-cash adjustments are not budgeted. Budget to Actual schedules for each proprietary fund can be found in the Combining & Individual Statements & Schedules section.
- i. The City adopts a multi-year appropriation for certain capital projects, identified as long term in nature, where unexpended funds will not automatically lapse at year end, but remain appropriated until project completion. Unspent and unencumbered appropriations for those projects that are short term in nature (annual) will continue to lapse at year end.

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Budgets and Budgetary Accounting (Continued)

- j. The City Council may legally amend the budget by ordinance or resolution once it has been approved. Budgeted amounts, including all amendments, are shown as adopted by the City Council.

In 2019, eight budget amendments were approved by ordinance or resolution. The effect of these amendments was an overall increase in appropriations of \$29,017,286, broken down by fund type as follows:

General Fund	\$ 1,180,865
Special Revenue Funds	2,697,556
Capital Projects Funds	18,743,276
Enterprise Funds	6,395,589
	<u>\$ 29,017,286</u>

5. Investments

Investments in securities are carried at fair value or amortized cost as applicable. Unrealized gains resulting from increases in fair value between January 1 and December 31 are recognized as a component of interest income; unrealized losses resulting from decreases in fair value reduce interest income. Realized gains or losses on securities included in the investment portfolio are recognized only when the related security is sold prior to the stated maturity. Certain investments may be restricted for debt service, capital or pledge commitments.

6. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

7. Inventories

Inventories are valued at weighted average cost. Inventory in the General Fund consists of fuel held for consumption. In the General Fund cost of inventory is recorded as expenditures when consumed, rather than when purchased. The General Fund reserve for inventory, included in nonspendable inventories, is equal to the amount of inventory on hand to indicate that a portion of the General Fund fund balance is not available for future expenditures.

8. Construction Advances

Third party development advances for construction represent the deposits made by developers for specific improvements to be made either by a developer or the City at a future date. If the developer completes the improvement, then the deposit is returned to the developer upon satisfactory completion. If the City completes the improvement, then the deposit is used towards the cost of the improvement. The City recognizes revenue for these deposits when it is determined that the City, and not a developer, will incur the costs of the improvements, and the deposit will not be returned to the developer.

9. Capital Assets

Capital assets, which include property, plant, equipment, water rights, and infrastructure assets (e.g. roads, bridges, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Donated capital assets, donated works of art, historical treasures, and similar assets and capital assets received in a service concession arrangement are recorded at acquisition value. Contributed capital assets are recorded at their acquisition value on the date received. General infrastructure assets are valued based on estimated original cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

9. Capital Assets (Continued)

GASB 51 Accounting and Financial Reporting for Intangible Assets requires that all intangible assets be classified as capital assets and recognized in the statement of net position. The term depreciation includes amortization of intangible assets.

Land, water rights, source of supply assets related to tributary water rights and permanent easements are capitalized and not depreciated. Temporary easements are capitalized and depreciated over the appropriate period. All other capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated useful life</u>
Infrastructure	5-75 years
Buildings, Structures and improvements	10-50 years
Leisure Areas and improvements	5-50 years
Collection, transmission, and distribution	7-50 years
Equipment	2-30 years

10. Compensated Absences

Eligible City employees earn vacation leave at a variable rate, dependent on years of service, and sick leave at the rate of 8 hours per month. Vacation and sick leave accumulate on a monthly basis and are fully vested when earned. Accumulated vacation leave cannot exceed 240 hours at the end of the year and any excess cannot be carried forward to the next year unless pre-authorized by the City Manager. For employees hired before January 1, 1995, all sick leave earned prior to December 31, 2002 is compensable. After 20 years of service or at age 62 and 10 years of service, 100% of the unused sick leave over 384 hours plus accumulated vacation leave are paid upon termination, retirement or death. The liability for compensated absences reported in the government-wide and proprietary fund statements consists of unpaid, accumulated vacation and sick leave balances, as described above. Compensated absences are liquidated by the respective fund where the liability was originally accrued.

11. Long-Term Obligations

In the government-wide financial statements and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using a method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the governmental fund financial statements, funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

GASB 49 addresses accounting and financial reporting for pollution remediation obligations. The Thornton Development Authority, a component unit of the City, owns property which falls under voluntary remediation and had a plan with the State to actively treat subsurface contamination. The total amount spent as of year end 2010 on remediation was \$1,437,056. In 2010, the City received approval from the State to stop remediation and move to monitoring only. The City has spent a total of \$291,142 as of year-end 2019 for monitoring.

12. Fund Equity

In the fund financial statements, fund equity of the City's governmental funds are classified as nonspendable, restricted, committed, assigned, or unassigned. A governmental fund may or may not have all five components of fund balance. The five classifications describe the relative strength of the spending constraints.

Nonspendable fund balances indicate amounts that cannot be spent either due to form (for example inventories or prepaids) or due to legal or contractual requirements. Restricted fund balances indicate amounts constrained for a specific purpose by external parties, constitutional provision or enabling legislation. Committed fund balances indicate amounts constrained for a specific purpose by a government using its highest level of decision-making authority (ordinance). It would require an ordinance by the City Council to remove or change the constraints placed on the resources. Assigned fund balance is established by City Council by resolution and as intended for specific purpose (such as the purchase of capital assets, construction, debt service, etc.). Unassigned fund balances indicate amounts in the general fund that are not classified as nonspendable, restricted, committed, or assigned. The general fund is the only fund that would report a positive amount in unassigned fund balance.

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

12. Fund Equity (Continued)

When expenditures are incurred for purposes for which both restricted and unrestricted amounts are available, restricted amounts are deemed to be used first. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, committed amounts are considered to be reduced first, followed by assigned amounts and then by unassigned amounts.

City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance. In the general fund, 17% of the current year budget is committed for emergencies and utilization requires a two-thirds affirmative vote of the Council. Examples of emergencies that may lead to utilization of the reserve include economic stabilization due to an unforeseen loss of a key sales tax vendor, a catastrophic event or natural disaster. A key sales tax vendor is a vendor that generates more than one million per year in sales tax revenue for the City. An example of a catastrophic event or natural disaster would be a tornado requiring extensive operational or capital costs. Funds are not intended to be used to adjust for revenue variances due to cycles of the economy.

13. Net Position

In the Government-wide and proprietary fund financial statements, equity is displayed in three components as follows:

Net Investment in Capital Assets – Consist of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets. Net investment in capital assets excludes unspent bond and loan proceeds. As of December 31, 2019, the City had unspent bond proceeds of \$6,410,825 in the Parks and Open Space Fund.

Restricted – Consists of amounts constrained for a specific purpose by external parties, constitutional provision or enabling legislation.

Unrestricted – Consist of amounts that do not meet the definition of “restricted” or “net investment in capital assets”.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, and then unrestricted resources as they are needed.

14. Interfund Transactions

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are reported as transfers.

15. Statement of Cash Flows

For purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

16. Contraband Forfeitures

In accordance with the Colorado Contraband Forfeiture Act (C.R.S. 16-13-501 to 511) and the Controlled Substances Act (21 USC 881(e)(3)), forfeitures from the seizure of contraband are used for the specific purpose of law enforcement activities. These funds are included in the City's General Fund.

17. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates.

18. Sales Tax

As a home rule city, Thornton collects its own sales taxes. Within the general government, the ten largest retailers remit approximately 42% of the sales tax collected.

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

19. Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statement of net position has a separate section for deferred outflows of resources. Deferred outflows represent a consumption of net position that applies to future period(s) and so are not recognized as an expense/expenditure in the current year, but will be in a future year. The City has items that qualify for reporting in this category relating to changes in asset retirement obligation liability, other post-employment benefits liability, changes in net pension liability and deferred charges on a bond refunding reported in the statement of net position.

In addition to liabilities, the statement of net position and *the balance sheet of the governmental funds* has a separate section for deferred inflows of resources. Deferred inflows represent an acquisition of net position that applies to a future period(s) and so are not recognized as revenue in the current year, but will be in a future year. The City has items that qualify for reporting in this category relating to property taxes, deferred charges on bond refunding, changes in other post-employment benefits liability, and changes in net pension liability reported in the statement of net position. *At the governmental fund level deferred inflows of resources are reported for unavailable revenue in connection with receivables not considered to be available under modified accrual basis of accounting.*

20. Implementation of New GASB Statements

Beginning in fiscal year 2019, the City implemented the following statements issued by the Governmental Accounting Standards Board (GASB):

GASB Statement No. 83, Certain Asset Retirement Obligations – this statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. After the review of current assets it was determined that the City had assets with retirement obligations that fall under the aforementioned statement. The Statement gave guidance for restating prior period balances, based on the immateriality of the liabilities on the government-wide and fund financial statements it was decided not to restate beginning balances for net position or fund balance. The cumulative effect of this statement has been recorded as of December 31, 2019. The details of the City's asset retirement obligations can be found in Note G.3 Long-term Debt - Other Obligations.

GASB Statement No. 88, Certain Disclosure Related to Debt, including Direct Borrowings and Direct Placements – The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. The City currently has no direct borrowing or direct placement debt, all other disclosures are included in the notes to the financial statements.

GASB Statement No. 90, Majority Equity Interests an amendment of GASB Statements No.14 and No.61 – this statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. *This GASB did not require a change to reporting of current or prior periods.*

21. Future Accounting Pronouncements

This report does not incorporate GASB Statement No. 84, Fiduciary Activities, GASB 87, Leases, and GASB Statement No. 91 Conduit Debt Obligations. The City will adopt and implement these statements at the required time. The City's management has not yet determined the effect the statements will have on the City's financial statements.

22. Jointly Governed Organization

Woman Creek Reservoir Authority (the Authority). The City participates as an equal partner with the Cities of Northglenn and Westminster in the operation of the Woman Creek Reservoir Authority. It has no financial interest in the Authority. The Authority began operation in 1996 with funding from a grant by the federal government's Environmental Protection Agency. The grant's purpose was to supply sufficient funds to mitigate and/or clean up any hazardous effects to the water supply of the three cities from the previous production of nuclear weapons at the Rocky Flats facility located near the Woman Creek Reservoir. The Authority contracted with the Church Ditch Water Authority to provide maintenance and monitoring services for the reservoir. Copies of the Woman Creek Reservoir Authority's financial statements may be obtained from the City of Thornton.

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

1. Compliance with Finance-Related Legal and Contractual Provisions

The City believes it has no material violations of finance-related legal and contractual provisions.

NOTE C - DEPOSITS AND INVESTMENTS

1. Equity in Pooled Cash and Investments

Except when required by trust agreements, the operating cash in each fund is pooled and cash in excess of operating requirements is invested.

2. Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories, with eligibility determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2019, the City's deposits had a carrying amount of \$4,062,266 and a bank balance of \$5,204,730. Of the bank balance, \$1,127,669 was covered by federal depository insurance. The remainder of the bank balance, \$4,077,061, was uninsured and collateralized with securities held by the pledging financial institution and covered by eligible collateral as determined by the PDPA.

3. Investments

The City's Charter allows investment in one or more of the securities permitted by the statutes of Colorado for the investment of state funds or municipal funds, bonds payable out of the revenues of any service or facility furnished by the City, or in general obligation bonds of the City. The City's internal investment policy further restricts investments to the following securities: United States Treasury, Government Sponsored Enterprises, State & Local Government taxable general or revenue obligations, Corporate Bonds and Commercial Paper, Local Government Investment Pools, Money Market Mutual Funds, Repurchase Agreements, Reverse Repurchase Agreements, Securities Lending Agreements, and Deposits in State or Nationally Chartered Depository Institutions. Additional investment and deposit disclosures for credit risk, interest rate risk, and foreign currency risk, as required by GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, are included in the notes below. At December 31, 2019, the City had the following investments and maturities:

Investment Type	Fair Value	< 1 Year	2-3 Years	4-5 Years
U.S. Government Treasuries	\$ 38,150,821	\$ 15,010,547	\$ 23,140,274	\$ -
Corp Bonds	66,716,875	16,650,992	39,723,072	10,342,811
U.S. Government Agencies	193,815,981	52,029,082	84,315,904	57,470,995
Certificate of Deposit	3,482,857	-	1,234,354	2,248,503
Local Gov't Investment Pools	69,365,666	69,365,666	-	-
Total	<u>\$ 371,532,200</u>	<u>\$ 153,056,287</u>	<u>\$ 148,413,604</u>	<u>\$ 70,062,309</u>

Unrealized gains or losses resulting from changes in the fair value of the investment portfolio are recognized as increases to or reductions from interest income in the financial statements. The only time a realized gain or loss is recognized on investment transactions is when they are sold prior to their stated maturity. Present cash flow needs of the City are being met without premature liquidation of investments. The City generally holds investments until maturity and redeems them at par. The City has no unfunded commitments related to these investments and there are no withdrawal restrictions. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) in active markets for an identical asset or liability that a government can access at the measurement date

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE C - DEPOSITS AND INVESTMENTS (CONTINUED)

3. Investments (Continued)

Level 2: Inputs other than quoted prices included in Level 1, that are observable for an asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full-term of the assets or liabilities

Level 3: Unobservable inputs for an asset or liability

There have been no significant changes in the valuation techniques during the year ended December 31, 2019. Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted prices are not available, then fair values are estimated using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. At December 31, 2019, U.S. Government Treasuries, Corporate Securities and U.S. Government Agencies, are classified within Level 1 hierarchy. Participant balances in the Local government pools Colorado Surplus Asset Fund Trust (CSAFE) and the Colorado Local Government Liquid Asset Trust (Colotrust) are stated at net asset value. The underlying securities in CSAFE are measured at amortized cost and are so close to fair value when measured at amortized cost that they are generally equivalent. Securities in Colotrust, other than agreements, are valued at the most recent market bid price as obtained from one or more market makers for such securities, repurchase agreements are recorded at cost, which approximates fair value.

Interest Rate Risk – The City's internal investment policy is designed to reduce interest rate risk. The maximum duration of the portfolio is limited to 4.0 years. At December 31, 2019, the weighted-average maturity of the City's portfolio was 20.7 months.

Credit Risk – The City minimizes credit risk, the risk of loss due to the failure of the security issuers or banker, by diversifying the investment portfolio so that potential losses on individual securities are minimized and by limiting investments to specified credit ratings. Per the City's Investment Policy, at the time of purchase, a security must be rated AA- or Aa3 or better by Standard & Poor's or Moody's respectively. If a security is downgraded after the date of purchase, the City may continue to hold the security provided the Investment Officer acts as a Prudent Investor; disclosing and managing the risks associated with the security. As of December 31, 2019, the City's investment in U.S. Treasuries, FHLB, FFCB, FNMA, FHLMC, and Corporates (excluding US Bank) were all rated AA- or better by Standard & Poor's and Aa3 or better by Moody's. As of December 31, 2019, the City's investment in US Bank was rated AA- by Standard & Poor's and A1 by Moody's.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. At December 31, 2019, no investments were held by a counterparty, and all investments were registered in the City's name.

Concentration of Credit Risk – The City's internal investment policy limits the amount the City may invest in one issuer except for U.S. Treasuries, which are unlimited because they are backed by the full faith and credit of the U.S. Government. No more than 5% of the portfolio may be invested in a single corporation and no more than 30% may be invested in a single government sponsored enterprise. As of December 31, 2019, the City's investment in U.S. Treasuries were 10.3%, FHLB were 8.1%, FFCB was 17.6%, FNMA was 12.7%, FHLMC was 14.1%, FCCB was 17.6%, and Corporate Bonds were 18.0%. The City's investment in Local Government Investment Pools are excluded from this disclosure requirement.

Local Government Investment Pools – As of December 31, 2019, the City had \$53,463,499 invested in Colotrust and \$15,902,167 invested in CSAFE. These investment vehicles were established for local government entities in Colorado to pool surplus resources; it is overseen by the Colorado Securities Commissioner and governed by CRS 24-75-701. A designated custodial bank provides safekeeping and depository services. The custodian's internal records identify the investments owned by the participating governments. Both pools operate similarly to a money market fund and each share is equal to \$1.00 in value. Colotrust and CSAFE are rated AAAM by Standard & Poor's.

City of Thornton, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

NOTE D - PROPERTY TAXES AND RECEIVABLES

Property taxes are collected on behalf of the City by Adams County and then remitted to the City. The property tax is levied and certified in December of the year prior to the year the taxes are collected on all taxable property in the City. Property taxes become an enforceable lien on January 1 of each year. Secured property taxes are due in two equal installments, on February 28 and June 15, and are delinquent after these dates, respectively. The entire balance may be paid on April 30 without penalty. Property taxes levied are recorded as deferred inflows in the year levied, as they are not due until the following year. Property tax revenue is recognized in the subsequent tax year.

For governmental receivables, available means when due or past due and receivable within the current period, and collected within the current period or expected to be collected soon thereafter to be used to pay liabilities of the current period, generally within thirty days.

Ambulance receivables and revenues are reported net of contractual allowances and uncollectible amounts. As of December 31, 2019, total accounts receivable were \$1,396,824 with an allowance for bad debt of \$295,453. Write-offs, which include contractual allowances and uncollectible amounts related to the current period, are \$3,722,050.

City of Thornton, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

NOTE E - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019 was as follows:

	Beginning balances	Additions & transfers	Deletions & transfers	Ending balances
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land and land rights	\$ 49,338,858	\$ 629,390	\$ -	\$ 49,968,248
Construction in progress	36,184,592	21,391,037	(30,487,987)	27,087,642
Total capital assets not being depreciated	85,523,450	22,020,427	(30,487,987)	77,055,890
Capital assets being depreciated:				
Streets, traffic, and engineering	408,930,565	21,225,404	(54,929,411)	375,226,558
Buildings and improvements	98,983,861	44,080,279	-	143,064,140
Leisure areas and improvements	86,696,114	12,148,906	(513,797)	98,331,223
General equipment	53,826,790	4,888,903	(4,201,776)	54,513,917
Total capital assets being depreciated	648,437,330	82,343,492	(59,644,984)	671,135,838
Less accumulated depreciation for:				
Streets, traffic, and engineering	240,709,614	11,112,880	(16,805,743)	235,016,751
Buildings and improvements	32,193,631	2,311,599	-	34,505,230
Leisure areas and improvements	44,972,389	3,634,237	(460,185)	48,146,441
General equipment	30,506,010	4,919,026	(3,078,705)	32,346,331
Total accumulated depreciation	348,381,644	21,977,742	(20,344,633)	350,014,753
Total capital assets being depreciated, net	300,055,686	60,365,750	(39,300,351)	321,121,085
Governmental activity capital assets, net	<u>\$ 385,579,136</u>	<u>\$ 82,386,177</u>	<u>\$ (69,788,338)</u>	<u>\$ 398,176,975</u>
<u>Business-type activities:</u>				
Capital assets not being depreciated:				
Land and water rights	\$ 202,213,365	\$ 1,554,235	\$ (28,707)	\$ 203,738,893
Source of supply	129,250,941	-	(737,475)	128,513,466
Construction in progress	49,708,799	47,946,466	(2,897,314)	94,757,951
Total capital assets not being depreciated	381,173,105	49,500,701	(3,663,496)	427,010,310
Capital assets being depreciated:				
Water treatment plant	83,708,473	2,389,272	-	86,097,745
Collection, transmission, and distribution	310,310,919	78,997,583	(270,518)	389,037,984
Transportation equipment	7,697,285	2,245,438	(733,586)	9,209,137
General equipment	11,028,158	1,142,439	(87,980)	12,082,617
Buildings and improvements	23,888,576	1,048,340	(93,350)	24,843,566
Total capital assets being depreciated	436,633,411	85,823,072	(1,185,434)	521,271,049
Less accumulated depreciation for:				
Water treatment plant	28,324,499	1,772,307	-	30,096,806
Collection, transmission, and distribution	119,293,023	24,384,866	(270,260)	143,407,629
Transportation equipment	3,894,509	1,576,909	(686,404)	4,785,014
General equipment	8,268,349	1,093,520	(86,275)	9,275,594
Buildings and improvements	9,952,266	391,433	(93,349)	10,250,350
Total accumulated depreciation	169,732,646	29,219,035	(1,136,288)	197,815,393
Total capital assets being depreciated, net	266,900,765	56,604,037	(49,146)	323,455,656
Business-type capital assets, net	<u>\$ 648,073,870</u>	<u>\$ 106,104,738</u>	<u>\$ (3,712,642)</u>	<u>\$ 750,465,966</u>

City of Thornton, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

NOTE E - CAPITAL ASSETS (CONTINUED)

During 2019, Internal Service Funds for Information Technology, Reprographics, and Building Maintenance were consolidated into the General Fund. This did not have an impact on net capital assets carried in Governmental activities as the assets for the aforementioned funds have always been reported in the Governmental activities section of the capital assets. While the net capital asset values were not affected by this consolidation, the presentation of depreciation expense by function within the Governmental activities were, and are now being presented as part of the General Government Function.

Government-type activities deletions and transfers includes the transfer of capital assets to Business-type Activities for the creation of the Stormwater Fund in the following categories: Streets, traffic, and engineering with a historical cost of \$54,841,911 with accumulated depreciation of \$16,482,283 and general equipment with a historical cost of \$2,134,841 with accumulated depreciation of \$1,046,721. In the Business-type Activities, assets transferred in under the Collection, transmission, and distribution category were increased by \$54,841,911 with accumulated depreciation of \$16,482,283, transportation equipment increased by \$1,298,992 with accumulated depreciation of \$601,765, and general equipment increased by \$835,849 with accumulated depreciation of \$444,956 for the creation of the Stormwater Fund.

Depreciation expense was charged to functions/activities as follows:

<u>Governmental activities:</u>	
General government	\$ 1,651,163
Police	2,160,937
Fire	1,081,708
City development	396,870
Streets, traffic & engineering	11,929,383
Community services	<u>4,757,681</u>
Total governmental activities depreciation	<u>\$ 21,977,742</u>
<u>Business-type activities:</u>	
Water	\$ 7,378,989
Sewer	2,296,863
Sanitation	671,211
Storm Water	<u>1,026,217</u>
Total business-type activities depreciation	<u>\$ 11,373,280</u>

NOTE F - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, (3) to close an existing fund, or (4) to move funds related to a prior year expense error. The composition of transfers at December 31, 2019 is as follows:

Transfers out:	Transfers in:			
	General	Governmental Capital	Government Non Major	Total
General	\$ -	\$ -	\$ 34,765	\$ 34,765
TDA North	2,779,704	1,269,538	-	\$ 4,049,242
Government Non-Major	2,229,541	-	-	\$ 2,229,541
Internal Service Funds	1,033,746	-	-	\$ 1,033,746
	<u>\$ 6,042,991</u>	<u>\$ 1,269,538</u>	<u>\$ 34,765</u>	<u>\$ 7,347,294</u>

In the year ended December 31, 2019, governmental activities made the following one-time transfer:

Governmental activities contributed \$39,130,995 in capital assets to the Stormwater Fund to create the fund for financial administration of storm sewer services to residents of the City and some residents of Adams County.

Transfers to close the Internal Service Funds included items not reported at the fund level; assets, OPEB, and compensated absences which are not presented in the table above or in the fund level statements. Reconciling amounts are identified on page 19.

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE G - LONG-TERM DEBT

1. Bonds Payable

Bonds payable at December 31, 2019 are comprised of:

Revenue Bonds

\$39,380,000, April 29, 2013 Water Enterprise Revenue Refunding Bonds, Series 2013, annual installments of \$1,620,000 to \$2,765,000 through December 1, 2034, interest at 3.00% to 5.00%	\$ 33,030,000
Plus unamortized premium	<u>2,476,418</u>
	<u>\$ 35,506,418</u>

At December 31, 2019, deferred charges were \$1,719,728 for the Water Enterprise Revenue Refunding Bonds.

Tax Increment Bonds

\$13,900,000, September 22, 2015 Thornton Development Authority (component unit) Tax Increment Revenue Refunding Bonds, Series 2015, annual installments of \$960,000 to \$1,365,000 through December 1, 2028, interest at 3.25% to 5.00% (This issue will be serviced solely by 50% of the property tax increment and 50% of the sales tax collected within the boundaries of the North Washington Street Corridor Area. Although the obligation is reported within the governmental activities, it is not a general obligation of the City (primary government). For the year ended December 31, 2019, pledged sales and property taxes were \$5,056,471, principal and interest paid were \$920,000, and \$488,263 respectively.	\$ 10,360,000
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\$27,580,000, December 2, 2015 Thornton Development Authority (component unit) Tax Increment Revenue Bonds, Series 2015B, annual installments of \$680,000 to \$2,170,000 through December 1, 2037, interest at 3.00% to 5.00% (This issue will be serviced solely by the pledged property tax increment and sales tax collected, net other obligations, within the boundaries of the East 144th Ave. and I-25 Area. Although the obligation is reported within the governmental activities, it is not a general obligation of the City (primary government). For the year ended December 31, 2019, pledged sales and property taxes were \$2,326,090, principal and interest paid were \$670,000, and \$1,139,394 respectively.	25,025,000
Plus unamortized premium	<u>2,427,728</u>
	<u>\$ 37,812,728</u>

At December 31, 2019, the deferred gain was \$34,192 for the Tax Increment Revenue Refunding Bonds.

There are limitations and restrictions in the various bond indentures. As of December 31, 2019 the City believes it is in compliance with all significant limitations and restrictions.

2. Certificates of Participation

2007 Certificates of Participation - During 2002, the City entered into a Master Lease Purchase Agreement with the Capital Asset Finance Corporation (CAFC), an independent Colorado nonprofit corporation. Under this agreement, the Thornton Finance Authority (TFA) assigned all of its rights and obligations under Certificates of Participation (COPs) issued in 1998 to the CAFC and the CAFC issued 2002 COPs totaling \$41,690,000, the proceeds of which were used to purchase the City's Civic Center and the property on which the City's Justice Center was constructed and to provide funds to construct the Justice Center. The proceeds from the sale of City assets were used by the City to construct an interchange. The Justice Center is leased back to the City by the CAFC with the lease payments matching the COP payment terms. During 2007, the City entered into an Amended and Restated Master Lease Purchase Agreement with the CAFC and the CAFC issued 2007 COPs totaling \$32,820,000, the proceeds of which were used to refund the outstanding 1998 COPs maturing on and after December 1, 2009 and the 2002 COPs maturing on and after December 1, 2013.

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE G - LONG-TERM DEBT (CONTINUED)

2. Certificates of Participation (Continued)

The 2007 Amended and Restated Master Lease Purchase Agreement totaling \$32,820,000, is due in annual installments of \$2,990,000 to \$3,230,000 through December 1, 2022 with interest at 4.00% and currently amounts to \$9,325,000. The 2007 Amended and Restated Lease Agreement unamortized discount was \$48,009 at December 31, 2019.

2018 Certificates of Participation - In November 2018, the City entered into a Site and Improvement Lease with US Bank, NA as Trustee pursuant to which the City will lease to the Trustee the City Hall and the Margaret W. Carpenter Recreation Center. Simultaneously, the City entered into an annually renewable Lease Purchase Agreement under which the City will pay base rentals in order to lease City Hall and the Recreation Center back from the Trustee.

The City issued 2018 Certificates of Participation totaling \$65,280,000 evidencing proportionate interests in the base rentals under the Lease Purchase Agreement. The proceeds of the issuance will be used to finance or reimburse the City for the costs of the new Trail Winds Recreation Center, a new Public Safety Facility and other capital improvements. The base rentals are due in annual installments of \$1,970,000 to \$4,610,000 through November 15, 2039 with interest at 4.00% to 5.00% and currently amounts to \$63,635,000. The 2018 Lease Purchase Agreement unamortized premium was \$4,020,360 at December 31, 2019.

3. Other Obligations

In 1986, the City entered into a settlement agreement with the Water Supply and Storage Company ("the Company"), a mutual ditch company. Among the terms and conditions of the settlement, the City agreed to make certain capital contributions to the Company in the form of direct payments in the years 1987, 1988, and 1989, and committed to contribute an additional \$5,000,000 toward future mutually beneficial capital projects or improvements to the system. As of December 31, 2019 the remaining amount owed under this portion of the agreement is \$1,170,805. This balance does not accrue interest and is not required to be paid before any specific date in accordance with the agreement.

In 2019, the implementation of GASB Statement No. 83, Certain Asset Retirement Obligations, resulted in recording the following liabilities and were outstanding at the end of December 31, 2019:

In the governmental activities, a liability of \$425,000 was recognized for obligations related to four underground and two aboveground fuel tanks (capacities ranging from 3,000 to 10,000 gallons), these tanks provide fuel for the City's vehicles and equipment. The obligation is legally enforceable by a Colorado State Regulation from the Division of Oil and Public Safety for both aboveground and underground storage tanks. The methods and assumptions used to measure liability was based on historical cost for tank abandonment provided by the Fleet Manager. The estimated remaining life of the underground fuel tanks was determined to be 12 years for three of the four tanks, the fourth tank is estimated at 3 months as it is scheduled to be abandoned in 2020. The estimated remaining life of the two aboveground tanks is 18 years. There are no legal funding requirements or assurances, or restricted amounts for the payment of these liabilities.

In the business-type activities, a liability of \$50,000 was recognized for an obligation related to a 4,000 gallon underground fuel tank that provides fuel for a backup generator to one of the City's pump stations. The obligation is legally enforceable by a Colorado State Regulation from the Division of Oil and Public Safety for Storage Tanks. The methods and assumptions used to measure liability was based on a direct quote obtained by the Utilities Manager. The estimated remaining life of the underground fuel tank was determined to be 9 years. There are no legal funding requirements or assurances, or restricted amounts for the payment of this liability.

City of Thornton, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

NOTE G - LONG-TERM DEBT (CONTINUED)

4. Lease Obligations

Operating Leases - The City leases a milling machine used for street operations and copiers used by City departments. In 2019, the City leased additional copiers for the expansion of departments. Lease expenses for the year ended December 31, 2019 were \$287,850 for governmental activities. Future minimum lease payments are as follows:

Year Ended December 31,	Government
2020	\$ 62,536
2021	16,226
2022	16,226
2023	16,226
2024	12,168
	<u>\$ 123,382</u>

Capitalized Lease Obligations - The City has a lease agreement (as lessee) for golf carts in the governmental activities. The golf carts have a carrying value, net of accumulated depreciation, of \$330,923 and have a remaining useful life of 4 years. This year, \$98,201 was included in depreciation expense. This agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the inception date. The City has the option to purchase the equipment at the end of the lease term.

The City also has a lease for reprographics equipment with a remaining useful life of 4 years at a current value, net of accumulated depreciation, of \$83,976. In 2019, the reprographics fund was consolidated into the General Fund and the lease agreement will now be accounted for in the governmental activities. This year, depreciation expense was \$24,920. The agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments. The lease contains a purchase option at the end of the lease.

Obligations under capital leases at December 31, 2019 are as follows:

Year Ended December 31,	Governmental Activities
2020	\$ 133,614
2021	133,614
2022	185,201
2023	<u>9,931</u>
Total minimum lease payments	462,360
Less: Amount representing interest costs	<u>28,769</u>
Present value of minimum lease payments	<u>\$ 433,591</u>

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE G - LONG-TERM DEBT (CONTINUED)

5. Long-Term Obligation Activity

Long-term liability activity for the year ended December 31, 2019 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances	Due within one year
<u>Governmental activities:</u>					
Tax increment bonds	\$ 36,975,000	\$ -	\$ 1,590,000	\$ 35,385,000	\$ 1,640,000
Add unamortized premium	2,609,976	-	182,248	2,427,728	-
Total bonds payable	39,584,976	-	1,772,248	37,812,728	1,640,000
Certificates of participation	77,480,000	-	4,520,000	72,960,000	4,960,000
Less unamortized discount	(64,012)	-	(16,003)	(48,009)	-
Add unamortized premium	4,223,067	-	202,707	4,020,360	-
Capital leases:	547,937	-	114,346	433,591	118,858
Compensated absences:	6,091,398	5,941,602	5,413,269	6,619,731	2,265,581
Risk - claims liability	4,420,434	4,905,450	4,446,872	4,879,012	2,151,317
Other - asset retirement obligation	-	425,000	-	425,000	-
Governmental activities:					
Total long-term liabilities	<u>\$132,283,800</u>	<u>\$ 11,272,052</u>	<u>\$ 16,453,439</u>	<u>\$127,102,413</u>	<u>\$ 11,135,756</u>
<u>Business-type activities:</u>					
Revenue bonds	\$ 34,590,000	\$ -	\$ 1,560,000	\$ 33,030,000	\$ 1,620,000
Add unamortized premium	2,642,435	-	166,017	2,476,418	-
Total bonds payable	37,232,435	-	1,726,017	35,506,418	1,620,000
Compensated absences	780,903	886,944	753,896	913,951	396,440
Other	1,170,805	50,000	-	1,220,805	-
Business-type activities:					
Total long-term liabilities	<u>\$ 39,184,143</u>	<u>\$ 936,944</u>	<u>\$ 2,479,913</u>	<u>\$ 37,641,174</u>	<u>\$ 2,016,440</u>

Governmental activities, claims and judgments are generally liquidated by the general fund. Compensated absences would be liquidated by the respective fund where the liability accrued.

6. Debt Service Requirements

Debt service requirements on long-term debt at December 31, 2019 are as follows:

Year ending Dec 31,	GOVERNMENTAL ACTIVITIES				BUSINESS-TYPE ACTIVITIES	
	Tax increment bonds		Certificates of participation		Revenue bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 1,640,000	\$ 1,577,457	\$ 4,960,000	\$ 3,198,250	\$ 1,620,000	\$ 1,234,244
2021	1,705,000	1,511,857	5,170,000	2,980,150	1,700,000	1,153,244
2022	1,765,000	1,450,757	5,405,000	2,752,700	1,785,000	1,068,244
2023	1,845,000	1,377,107	2,280,000	2,514,750	1,880,000	978,994
2024	1,930,000	1,284,853	2,395,000	2,400,750	1,970,000	884,994
2025-2029	11,635,000	4,831,763	13,890,000	10,083,500	11,075,000	3,201,220
2030-2034	8,660,000	2,623,000	17,515,000	6,460,100	13,000,000	1,271,351
2035-2039	6,205,000	565,400	21,345,000	2,628,400	-	-
	<u>\$ 35,385,000</u>	<u>\$ 15,222,194</u>	<u>\$ 72,960,000</u>	<u>\$ 33,018,600</u>	<u>\$ 33,030,000</u>	<u>\$ 9,792,291</u>

City of Thornton, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

NOTE G - LONG-TERM DEBT (CONTINUED)

7. Revenues Pledged for Debt Service

The City has pledged future water customer revenues, net of specified operating expenses, to repay \$39,380,000 in water revenue refunding bonds. Proceeds from the bonds were used for rejuvenation of the water treatment facilities, improving and expanding water storage, and various other projects. The bonds are payable solely from water customer net revenues and are payable through 2034. Annual principal and interest payments on the bonds are expected to require less than 6% of net revenues. The total principal and interest remaining to be paid on the bonds is \$42.8 million. For the year ended December 31, 2019 net available revenues were \$48,490,128, principal and interest paid were \$1,560,000, and \$1,296,644, respectively.

NOTE H - UNEARNED REVENUE

The General Fund includes unearned revenue of \$98,011, which is related to funds received for the dissolution of a metropolitan district and prefunded permit fees. The Open Space Fund has \$9,600 for a property lease. The Water Fund has \$126,470 for water and farm leases.

NOTE I - RETIREMENT PLANS

City employees are covered under one of two different retirement plans, depending on occupation and date of hire. Additionally, the City Manager, the City Attorney, and the presiding Municipal Judge are covered under their own separate retirement plans. All plans and plan amendments are approved by City Council as single-employer, defined contribution plans, qualified under IRS guidelines, except the fire and police pension plans, an agent multiple-employer defined benefit plan and a cost sharing multiple-employer defined benefit plan.

In early 2017, City Council passed a resolution to reaffiliate with the Fire and Police Pension Association (FPPA), a multiple-employer defined benefit plan. Sworn police and firefighters hired before July 10, 2017 were given the option to remain in the City's local money purchase plan or reenter FPPA. Sworn police and firefighters hired on or after July 10, 2017 are enrolled in the FPPA Statewide Defined Benefit plan (SWDB).

At December 31, 2019, the City reported the following aggregate amounts related to the FPPA plans to which it contributes:

<u>Statement of Net Position and Statement of Activities</u>	<u>Governmental Activities</u>
Net pension liabilities	\$ 8,172,824
Net pension asset	1,178,999
Deferred outflows of resources	18,806,536
Deferred inflows of resources	5,303,492
Pension income	5,049,043

All plans are administered by outside trustees and do not meet the standards of accounting principles generally accepted in the United States of America for inclusion as part of the reporting entity.

For purposes of measuring the net pension liability, net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City Fire and Police Pension Plans and additions to/deductions from the Fire and Police Pension Plans fiduciary net position have been determined on the same basis as they are reported by the Fire and Police Pension Association of Colorado (FPPA). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

A description of each plan and selected financial information follows.

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE I – RETIREMENT PLANS (CONTINUED)

1. Defined Contribution Money Purchase Plans

a. Regular Employee Money Purchase Plan

Plan Description. The Regular Employee Money Purchase Plan is a single employer defined contribution plan maintained for regular employees. Assets are administered and held by ICMA Retirement Corporation. The plan requires mandatory employee pre-tax contributions to the plan of 6% of base pay. The City also contributes 6.85% of employees' base pay to the plan. The plan requires employee participation in the plan immediately upon date of hire. Vesting of employer contributions is as follows: 0% in employer contributions for the first 2 years, 30% at 3 years, 40% at 4 years, and 100% at 5 years of service; and forfeited contributions may be used to offset future employer contributions. Benefit terms are established and amended on the authority of City Council.

Funding. Employer contributions are funded every pay period by the governmental and proprietary funds. The City's contributions for 2019 were \$3,474,597 (which includes the City's match for voluntary contributions). City employees' mandatory contributions for 2019 were \$2,771,387. The City's contributions were offset by \$232,851 in employee forfeitures.

b. City Manager, City Attorney and presiding Municipal Judge Money Purchase Plan (Contract Employee Plan)

Plan Description. The Contract Employee Plan is a single employer defined contribution plan maintained for the City Manager, City Attorney, and presiding Municipal Judge. Assets are administered and held by ICMA Retirement Corporation.

Funding. Employer contributions are funded every pay period by the General Fund and the terms of the plan are negotiated periodically as a part of their employment contract. The City and employee contributions for 2019 were \$56,377 and \$58,530 respectively.

c. Firefighters Money Purchase Plan

Plan Description. The Firefighters Employee Money Purchase Plan is a single employer defined contribution plan maintained for all full-time firefighters hired on or after January 1, 1994 and before July 10, 2017. Firefighters hired before July 10, 2017 were given the option to remain in the City's local money purchase plan or reenter FPPA. Assets are administered and held by ICMA Retirement Corporation. The plan requires mandatory employee contributions of 8% of base pay. The City's contribution is also 8% of base pay. Vesting of employees is as follows: 0% in employer contributions for the first 2 years, 30% at 3 years, 40% at 4 years, and 100% at 5 years of service; and forfeited contributions may be used to offset future employer contributions. Benefit terms are established and amended on the authority of City Council.

Funding. Employer contributions are funded every pay period from the General Fund. The City's contributions for 2019 were \$218,471 (which included the City's match for voluntary contributions). The City firefighters' mandatory contributions for 2019 were \$218,471. The City's contributions were offset by \$61 in employee forfeitures.

d. Police Money Purchase Plan

Plan Description. The Police Money Purchase Plan is a single employer defined contribution plan maintained for all full-time, sworn police officers hired before July 10, 2017. Sworn police hired before July 10, 2017 were given the option to remain in the City's local money purchase plan or reenter FPPA. Assets are administered and held by ICMA Retirement Corporation. The plan requires mandatory employee contributions of 10% of base pay. The City's contribution is also 10% of base pay. Vesting of employer contributions is as follows: 0% in employer contributions for the first 2 years, 30% at 3 years, 40% at 4 years, and 100% at 5 years of service; and forfeited contributions may be used to offset future employer contributions. Benefit terms are established and amended on the authority of City Council.

Funding. Employer contributions are funded every pay period from the General Fund. The City's contributions for 2019 were \$231,735 (which includes the City's match for voluntary contributions). The City police employees' mandatory contributions for 2019 were \$231,735.

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE I – RETIREMENT PLANS (CONTINUED)

1. Defined Contribution Money Purchase Plans (Continued)

e. Fire and Police Statewide Money Purchase Plan

Plan Description. The Fire & Police Statewide Money Purchase Plan is a multiple-employer defined contribution pension plan, for full-time and part-time firefighters and police officers, as well as its full-time and part-time administrative employees whose services are auxiliary to fire protection. The plan is administered by the Fire & Police Pension Association of Colorado. The Fire & Police Pension Association of Colorado issues a publicly available financial report that can be obtained at www.fppaco.org.

Funding. Contributions to the plan are calculated as a percentage of the member's base salary, which is specified by state statute. For Firefighter members, the plan requires mandatory employee contributions of 8% of base pay, which is matched by the City. For Police Officer members the plan requires mandatory employee contributions of 10% of base pay, which is matched by the City.

f. Fire and Police Statewide Money Purchase Plan

Employer and member contributions are invested in funds at the discretion of members. Members are always fully vested in their own contributions, and the earnings on those contributions. Vesting in the City's contributions and earnings on those contributions occurs according to the vesting schedule set by state statute at 20% per year after the first year of service to be 100% vested after 5 years of service. Unvested City contributions and earnings thereon are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the pension plan's administrative expenses. Any administrative expenses not covered by forfeitures are charged directly to member accounts. Benefit terms are established and amended through collective bargaining agreements between the City of Thornton and the Thornton Firefighters Local Number 2376, International Association of Firefighters and the Fraternal Order of Police, Thornton Lodge 16.

Employees are permitted to make contributions to the pension plan, up to applicable Internal Revenue Code limits. Employer contributions are funded every pay period from the General Fund. For the year ended December 31, 2019, City and employee contributions were \$34,965 and \$34,965, respectively.

2. Fire and Police Pension Plans

a. Fire and Police Pension Old Hire Fire Pension Plan

Plan Description. The City Fire Pension Plan (the Old Hire Plan), a defined benefit pension plan, established in accordance with Colorado law, covers all full-time firefighters hired prior to April 8, 1978. All plan assets held by the City were transferred in January 1986 to FPPA, an agent multiple-employer defined benefit pension plan. The City's fire department transferred out of the City, into a joint venture fire district in 1994. The fire district dissolved on December 31, 1999, and the fire department rejoined the City on January 1, 2000. The maintenance of total plan assets sufficient to pay the benefits relating to contributions prior to January 1, 1994 was the responsibility of the City while the firefighters were members of the fire district.

Participants are eligible for plan benefits at the age of 50 and after completing twenty years of active service. Plan benefits consist of a monthly pension of up to 70.0% of monthly salary as of the date of retirement. Additional surviving spouse benefits of lesser amounts are also available. In accordance with a 1976 decision by the Colorado Supreme Court, the City must return all individual employee contributions upon termination.

FPPA issues a publicly available financial report that includes financial statements for the Old Hire Plan. The FPPA Comprehensive Annual Financial report can be obtained on FPPA's website at www.fppaco.org.

Funding Policy. The Old Hire Plan funding policy provides for periodic City and participant contributions. As required by the plan, Old Hire Plan participants were required to contribute 5.0% of covered payroll and the City was also required to contribute 5.0%. This contribution requirement was not actuarially determined.

As of December 31, 2019, there are no active participants and 20 inactive employees or beneficiaries currently receiving benefits. In 2019, there were no contributions made by participants.

Pension Liability. At December 31, 2019, the City reported a net pension liability of \$3,325,918 for the Old Hire Plan. The total pension liability is based on an actuarial valuation performed as of January 1, 2019 and a measurement date of December 31, 2018. Standard update procedures were used to roll forward the total pension liability to December 31, 2018.

City of Thornton, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

NOTE I – RETIREMENT PLANS (CONTINUED)

2. Fire and Police Pension Plans (continued)

a. Fire and Police Pension Old Hire Fire Pension Plan (continued)

Actuarial Assumptions. The significant actuarial assumptions used to determine contribution rates are as follows:

Actuarial Method	Entry Age Normal
Inflation	2.5%
Salary Increases	N/A
Single Discount Rate	7.50%
Investment Rate of Return	7.50%
Retirement Age	Any remaining actives are assumed to retire immediately.
Mortality	Post-retirement: For ages less than 55, RP-2014 Mortality Tables for Blue Collar Employees. For ages 65 and older, RP-2014 Mortality Tables for Blue Collar Healthy Annuitants. For ages 55 through 64, a blend of the previous tables. All tables are projected with Scale BB. Disabled (pre-1980): RP-2014 Disabled Generational Mortality Table generationally projected with Scale BB with a minimum 3% rate for males and 2% rate for females.

Actuarial determined contribution rates are calculated as of January 1 of even numbered years. The contribution rates have a one-year lag, so the actuarial valuation as of January 1, 2016, determines the contribution amounts for 2017 and 2018.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic nominal rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Rate of Return
Global Equity	37.0%	8.0%
Equity Long/Short	9.0%	6.5%
Private Markets	24.0%	10.0%
Fixed Income	15.0%	2.9%
Absolute Return	9.0%	5.1%
Managed Futures	4.0%	5.4%
Cash	2.0%	2.5%
Total	100.0%	

Discount Rate. The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the OH – Defined Benefit Component plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE I – RETIREMENT PLANS (CONTINUED)

2. Fire and Police Pension Plans (Continued)

a. Fire and Police Pension Old Hire Fire Pension Plan (continued)

Changes in the Net Pension Liability.

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2018	\$ 7,521,062	\$ 4,461,411	\$ 3,059,651
Changes for the year:			
Service cost	-	-	-
Interest	535,048	-	535,048
Benefit Changes	-	-	-
Differences between expected and actual experience	-	-	-
Contributions - employer	-	269,653	(269,653)
Contributions - employee	-	-	-
Net investment income	-	7,900	(7,900)
Benefit payments, including refunds of employee contributions	(788,438)	(788,438)	-
Administrative expense	-	(8,772)	8,772
Change in assumptions	-	-	-
Net changes	(253,390)	(519,657)	266,267
Balance at December 31, 2019	\$ 7,267,672	\$ 3,941,754	\$ 3,325,918

Regarding the sensitivity of the net pension liability/(asset) to changes in the Single Discount Rate, the following presents the plan's net pension liability/(asset), calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability/(asset) would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1% Decrease 6.50%	Single Discount Rate Assumption 7.50%	1% Increase 8.50%
City's net pension liability	\$ 3,888,626	\$ 3,325,918	\$ 2,834,553

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FPPA financial reports.

Pension Income. For the year ended December 31, 2019, the City recognized pension income of \$28,232 for the Old Hire Plan.

Pension Deferred Outflows/Inflows of Resources. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Difference between projected and actual investment earnings	154,050	-
City contributions subsequent to the measurement date	337,419	-
Total	\$ 491,469	\$ -

City of Thornton, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

NOTE I – RETIREMENT PLANS (CONTINUED)

2. **Fire and Police Pension Plans (Continued)**

a. Fire and Police Pension Old Hire Fire Pension Plan (continued)

The \$337,419 reported as deferred outflows of resources are related to City contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources related to the Old Hire plan will be recognized in pension expense as follows:

Year ending December 31	
2020	73,650
2021	19,401
2022	(457)
2023	61,456
Total	<u>\$ 154,050</u>

b. Fire and Police Pension Statewide Defined Benefit Plan

Plan Description. The Statewide Defined Benefit Plan (SWDB) is a cost-sharing multiple-employer defined benefit pension plan covering substantially all full-time employees of participating fire or police departments in Colorado hired on or after April 8, 1978 (New Hires), provided that they are not already covered by a statutorily exempt plan. As of August 5, 2003, the Plan may include clerical and other personnel from fire districts whose services are auxiliary to fire protection. The Plan became effective January 1, 1980. The Plan assets are included in the Fire & Police Members' Benefit Investment Fund and the Fire & Police Members' Self-Directed Investment Fund (for Deferred Retirement Option Plan (DROP) assets and Separate Retirement Account assets from eligible retired members). The Plan is administered by the Fire & Police Pension Association of Colorado (FPPA). FPPA issues a publicly available comprehensive annual financial report that can be obtained on FPPA's website at www.fppaco.org.

The City's fire department transferred out of the City, into a joint venture fire district in 1994. The fire district dissolved on December 31, 1999, and the fire department rejoined the City on January 1, 2000. The New Hire Plan was not the responsibility of the City while the firefighters were members of the fire district.

A member is eligible for a normal retirement pension once the member has completed twenty-five years of credited service and has attained the age of 55.

The annual normal retirement benefit is 2% of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5% for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually. Effective January 1, 2007, members currently covered under Social Security will receive half the benefit when compared to the Statewide Defined Benefit Plan. Benefits paid to retired members are evaluated and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0% to the higher of 3% or the Consumer Price Index.

A member is eligible for an early retirement after completion of 30 years of service or attainment of age 50 with at least five years of credited service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with 5% as interest, returned as a lump sum distribution. Alternatively, a member with at least five years of accredited service may leave contributions with the Plan and remain eligible for a retirement pension at age 55 equal to 2% of the member's average highest three years' base salary for each year of credited service up to ten years, plus 2.5% for each year of service thereafter.

Funding Policy. The Statewide Defined Benefit Plan (SWDB) sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. Contribution rates for the SWDB plan are set by state statute, and employer contribution rates can only be amended by state statute. The current employer contribution rate is 8% for all firefighters, regardless of hire date, and 8% for all police hired after July 10, 2017. For police hired before July 10, 2017, the statutory required employer contribution is 8%, the City contributes 10% based on an underlying contractual commitment between the City and police. Member contribution rates can be amended by state statute or election of the membership. The current member contribution rate for of the SWDB is 10.5% of base salary. Member contribution rates will increase 0.5% annually through 2022 to a total of 12% of base salary.

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE I – RETIREMENT PLANS (CONTINUED)

2. Fire and Police Pension Plans (Continued)

b. Fire and Police Pension Statewide Defined Benefit Plan (continued)

Firefighters covered under this plan may elect an optional account known as the “deferred retirement option plan” or “DROP” within five years prior to retirement. The purpose of DROP is to allow an eligible participant to elect, in lieu of immediate termination of employment and receipt of a service retirement benefit, to continue employment for a specified period of time not to exceed five years, coupled with the deferral of actual receipt of retirement benefits until the end of such specified period, at which time employment shall cease. Once a participant elects a DROP, the City is no longer required to match that participant’s contribution. As of December 31, 2019, one active participant in this plan had elected a DROP.

The City’s contributions to the Plan for the year ending December 31, 2019 were \$2,239,975.

Pension Liability. At December 31, 2019, the City reported a liability of \$4,846,906 for its proportionate share of the SWDB net pension liability. The total pension liability is based on an actuarial valuation performed as of January 1, 2019 and a measurement date of December 31, 2018. Standard update procedures were used to roll forward the total pension liability to December 31, 2018.

The City’s reported liability at December 31, 2019, increased to \$4,846,906 from the City’s prior year asset of \$1,686,561 because of changes in the SWDB net pension liability and the City’s proportionate share of that liability. The SWDB Plan’s publicly available financial report provides details on the change in the net pension liability.

The City’s proportion of the net pension (asset)/liability was based on contributions received and processed by employers that were members of the SWDB plan within the year ended December 31, 2018. The City’s proportion measured as of December 31, 2018, was 3.833744%, which was an increase of 2.661428% from its proportion measured as of December 31, 2017.

Pension Expense and Deferred Outflows/Inflows of Resources. For the year ended December 31, 2019, the City recognized a pension income for the SWDB plan of \$4,363,999. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 6,176,081	\$ -
Changes of assumptions	4,694,071	-
Difference between projected and actual investment earnings	3,812,837	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	4,097,754
City contributions subsequent to the measurement date	2,239,975	-
Total	<u>\$ 16,922,964</u>	<u>\$ 4,097,754</u>

The \$2,239,975 reported as deferred outflows of resources related to the SWDB Plan resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the SWDB Plan will be recognized in pension expense as follows:

Year ending December 31	
2020	\$ 2,244,389
2021	1,448,435
2022	1,153,251
2023	2,262,107
2024	823,836
Thereafter	2,653,217
Total	<u>\$ 10,585,235</u>

City of Thornton, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

NOTE I – RETIREMENT PLANS (CONTINUED)

2. Fire and Police Pension Plans (Continued)

b. Fire and Police Pension Statewide Defined Benefit Plan (continued)

Actuarial Assumptions. The actuarial valuations for the Statewide Defined Benefit Plan were used to determine the total pension liability and actuarially determined contributions for the fiscal year ending December 31, 2018. The valuations used the following actuarial assumption and other inputs:

	Total Pension Liability	Actuarial Determined Contributions
Actuarial Valuation Date	January 1, 2019	January 1, 2018
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Method	N/A	Level % of Payroll, Open
Amortization Period	N/A	30
Long-term Investment Rate of Return*	7.0%	7.5%
Projected Salary Increases*	4.25% - 11.25%	4.0% - 14.0%
Cost of Living Adjustments (COLA)	0.0%	0.0%
*Includes Inflation at	2.5%	2.5%

For determining the total pension liability, the post-retirement mortality tables for non-disabled retirees uses the 2006 central rates from RP-2014 Annuitant Mortality Tables projected to 2018 using the MP-2017 projection scales, and the projected prospectively using the ultimate rates of the scale for all years. The pre-retirement off-duty mortality tables are adjusted to 50% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00015

off-duty mortality tables are adjusted to 50% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00015.

For determining the actuarial determined contributions, the post-retirement mortality tables for non-disabled retirees is a blend of the Annuitant and Employee RP-2014 generational mortality tables with blue collar adjustment projected with Scale BB. The pre-retirement off-duty mortality tables are adjusted to 55% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00020.

At least every five years the FPPA's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2018 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA's actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2019 and were used in the rollforward calculation of total pension liability as of December 31, 2018. Actuarial assumptions effective for actuarial valuations prior to January 1, 2019 were used in the determination of the actuarially determined contributions as of December 31, 2018. The Actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Rate of Return
Global Equity	37.0%	8.0%
Equity Long/Short	9.0%	6.5%
Private Markets	24.0%	10.0%
Fixed Income	15.0%	2.9%
Absolute Return	9.0%	5.1%
Managed Futures	4.0%	5.4%
Cash	2.0%	2.5%
Total	100.0%	

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE I - RETIREMENT PLANS (CONTINUED)

2. Fire and Police Pension Plans (Continued)

b. Fire and Police Pension Statewide Defined Benefit Plan (continued)

Discount Rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the SWDB plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Regarding the sensitivity of the net pension liability/(asset) to changes in the Single Discount Rate, the following presents the plan's net pension liability/(asset), calculated using a Single Discount Rate of 7.00%, as well as what the plan's net pension liability/(asset) would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	Decrease 6.0%	Assumption 7.0%	Increase 8.0%
City's proportionate share of the net pension liability (asset)	\$ 18,795,714	\$ 4,846,906	\$ (6,723,381)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued SWDB financial report.

c. Fire and Police Pension Statewide Hybrid Plan – Defined Benefit Component

Plan Description. The Statewide Hybrid Plan (SWH) is a cost-sharing multiple-employer defined benefit pension plan offered to Sworn Police and Firefighters hired before July 10, 2017 that chose to reaffiliate with FPPA in 2017. The SWH is comprised of two components: Defined Benefit and Money Purchase. The plan assets associated with the Defined Benefit Component are included in the Fire & Police Members' Benefit Investment Fund and the Plan assets associated with the Money Purchase Component and Deferred Retirement Option Plan (DROP) assets are included in the Fire & Police Members' Self-Directed Investment Plan. The plan is administered by the Fire & Police Pension Association of Colorado (FPPA). FPPA issues a publicly available comprehensive annual financial report which can be obtained on FPPA's website at www.fppaco.org.

The SWH Plan document states that any member may retire from further service and become eligible for a normal retirement pension at any time after age 55, if the member has at least 25 years of service. The annual normal pension of the Defined Benefit Component is 1.5% of the average of the member's highest three years' base salary for each year of credited service. Benefits paid to retired members of the Defined Benefit Component are evaluated and may be re-determined annually on October 1. The amount of any increase is based on the FPPA Board's discretion and can range from 0% to 3%. A member is eligible for early retirement within the Defined Benefit Component after completion of 30 years of service or attainment of age 50 with at least five years of credited service.

The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, a member may elect to have all contributions, along with 5% as interest, returned as a lump sum distribution from the Defined Benefit Component. Alternatively, a member with at least five years of accredited service may leave contributions with the Defined Benefit Component of the Plan and remain eligible for a retirement pension at age 55 equal to 1.5% of the average of the member's highest three years' base salary for each year of credited service.

Funding Policy. The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. Contribution rates are determined by the City, however, the plan requires a minimum rate for both employer and members be at least 8% of the member's base salary. The amount allocated to the Defined Benefit Component is set annually by the FPPA Board of Directors. Excess contributions fund the Money Purchase Component of the Plan. Firefighters have a mandatory 8% member contribution rate and Police Officers have a mandatory 10% contribution rate, both matched equally by the City.

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE I - RETIREMENT PLANS (CONTINUED)

2. Fire and Police Pension Plans (Continued)

c. Fire and Police Pension Statewide Hybrid Plan – Defined Benefit Component (continued)

Within the Money Purchase Component, members are always fully vested in their own contributions, as well as the earnings on those contributions. Vesting in the employer's contributions within the Money Purchase Component, and earnings on those contributions occurs according to the vesting schedule set by the plan document at 20% per year after the first year of service to be 100% vested after 5 years of service. Employer and member contributions are invested in funds at the discretion of members.

Pension Asset. At December 31, 2019, the City reported an asset of \$1,178,999 for its proportionate share of the SWH net pension asset. The total pension asset is based on an actuarial valuation performed as of January 1, 2019 and a measurement date of December 31, 2018. The SWH publicly available financial report provides details on the change in the net pension asset.

The City's proportion of the net pension asset was based on contributions received and processed by employers that were members of the SWH plan within the year ended December 31, 2018. The City's proportion measured as of December 31, 2018, was 8.541335%.

Pension Expense and Deferred Outflows/Inflows of Resources. For the year ended December 31, 2019, the City recognized a pension income for the Hybrid Plan of \$656,812. At December 31, 2019 the City reported deferred outflows and inflows of resources and deferred outflows and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 829,364	\$ -
Changes of assumptions	171,645	-
Difference between projected and actual investment earnings	251,743	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	1,205,738
City contributions subsequent to the measurement date	139,351	-
Total	<u>\$ 1,392,103</u>	<u>\$ 1,205,738</u>

The \$139,351 reported as a deferred outflow of resources resulting from the City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Hybrid Plan will be recognized in pension expense as follows:

Year ending December 31	
2020	\$ 40,545
2021	(3,472)
2022	(20,055)
2023	45,140
2024	(73,895)
Thereafter	58,751
Total	<u>\$ 47,014</u>

City of Thornton, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

NOTE I - RETIREMENT PLANS (CONTINUED)

2. Fire and Police Pension Plans (Continued)

c. Fire and Police Pension Statewide Hybrid Plan – Defined Benefit Component (continued)

Actuarial Assumptions. The actuarial valuations for the Statewide Defined Benefit Plan were used to determine the total pension liability and actuarially determined contributions for the fiscal year ending December 31, 2018. The valuations used the following actuarial assumption and other inputs:

	Total Pension Liability	Actuarial Determined Contributions
Actuarial Valuation Date	January 1, 2019	January 1, 2018
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Method	N/A	Level % of Payroll, Open
Amortization Period	N/A	30 Years
Long-term Investment Rate of Return*	7.0%	7.5%
Projected Salary Increases*	4.25% - 11.25%	4.0% - 14.0%
Cost of Living Adjustments (COLA)	0.0%	0.0%
*Includes Inflation at	2.5%	2.5%

For determining the total pension liability, the post-retirement mortality tables for non-disabled retirees uses the 2006 central rates from the RP-2014 Annuitant Mortality Tables projected to 2018 using the MP-2017 projection scales, and the projected prospectively using the ultimate rates of the scale for all years. The pre-retirement off duty mortality tables are adjusted to 50% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00015.

For determining the actuarial determined contributions, the post-retirement mortality tables for non-disabled retirees is a blend of the Annuitant and Employee RP-2014 generational mortality tables with blue collar adjustment projected with Scale BB. The pre-retirement off-duty mortality tables are adjusted to 55% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00020.

At least every five years the FPPA's Board of Directors, in accordance with best practices, review its economic and demographic actuarial assumptions. The recommendations were made by the FPPA actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2019 and were used in the forward calculation of total pension liability as of December 31, 2018. Actuarial assumptions effective of actuarial valuation prior to January 1, 2019 were used in the determination of the actuarially determined contributions as of December 31, 2018. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed at 2.5%). Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Rate of Return</u>
Global Equity	37.0%	8.0%
Equity Long/Short	9.0%	6.5%
Private Markets	24.0%	10.0%
Fixed Income	15.0%	2.9%
Absolute Return	9.0%	5.1%
Managed Futures	4.0%	5.4%
Cash	2.0%	2.5%
Total	<u>100.0%</u>	

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE I - RETIREMENT PLANS (CONTINUED)

2. Fire and Police Pension Plans (Continued)

c. Fire and Police Pension Statewide Hybrid Plan – Defined Benefit Component (continued)

Discount Rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the SWH –Defined Benefit Component plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Regarding the sensitivity of the net pension liability/(asset) to changes in the Single Discount Rate, the following presents the plan's net pension liability/(asset), calculated using a Single Discount Rate of 7.00%, as well as what the plan's net pension liability/(asset) would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1% Decrease 6.0%	Single Discount Rate Assumption 7.0%	1% Increase 8.0%
City's proportionate share of the net pension liability (asset)	\$ (578,111)	\$ (1,178,999)	\$ (1,682,742)

NOTE J - DEFERRED COMPENSATION

The City offers all regular City employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits participants to defer a portion of their salary until future years.

The general employees', police, and fire voluntary contributions are made to the 457 plan. Employees can contribute a maximum of \$19,000 per year (\$25,000 if age 50 or more). The City matches 50% of employee contributions up to a maximum of 1% of base pay for general employees and Police, and up to 2% for Fire. For 2019, the general employees' voluntary contributions were \$1,961,340, the police employees' voluntary contributions were \$833,129 and the fire employees' voluntary contributions were \$564,535 for a total of \$3,359,004. Withdrawals must begin at age 70 1/2, or can be made upon termination of employment, death, or unforeseeable emergency. Withdrawals due to unforeseeable emergency may be subject to IRS penalties for early withdrawal.

ICMA Retirement Corporation, an independent trustee, administers funds for this plan. The City maintains accounting records. The trustee provides participants with quarterly statements of contributions, withdrawals and earnings.

NOTE K – OTHER POSTEMPLOYMENT BENEFITS

1. Defined Benefit Post-Employment Health Care Plan

Plan Description. The City of Thornton provides a single-employer defined benefit post-employment health care plan that covers eligible retired employees of the City. An employee must be enrolled in the health plan at the time of retirement, and must be at least age 62 with 10 or more years of continuous service or have at least 20 years of continuous service at any age, to be eligible for retiree benefits. There is currently no age cut-off, but after December 31, 2019 coverage will not be available for retirees age 65 or above or those who are below age 65 and eligible for Medicare. Dependents may also enroll in the plan and their coverage ceases upon the termination of the retiree's coverage or upon reaching Medicare eligibility or age 65. The medical plan is fully insured.

Benefits Provided. The City provides medical, dental and vision benefits for retirees. There are four medical plans insured by CIGNA and two medical plans insured by Kaiser. Two dental plans are offered by Delta Dental. The vision plan is provided by VSP. The retiree benefits are the same as those provided for active employees, with the exception of the Kaiser High Deductible Plan, retirees are not eligible for this plan, however, there is an additional medical plan for retirees over the age of 65 offered through Kaiser.

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE K – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

1. Defined Benefit Post-Employment Health Care Plan (continued)

Funding Policy. The City of Thornton establishes and amends contribution requirements. The current funding policy of the City is to pay health insurance premiums as they occur. This arrangement does not qualify as other postemployment benefits (OPEB) plan assets under GASB Statement No. 75 for current GASB reporting.

Contributions. Retirees pay 100% of the total premium. There is an explicit City contribution of 88% of the premium for disabled retirees. There is no explicit City contribution for other retirees. The 2019 monthly premiums for retirees are shown in the table below.

Coverage Category	2019 Monthly Premium Rate								
	CIGNA OAP	CIGNA OAP HDHP	CIGNA LOCAL PLUS	CIGNA LOCAL HDHP	Kaiser HMO	Kaiser Sr. Advantage	Dental EPO	Dental Premier	Vision
Retiree	\$1,021.51	\$ 800.48	\$ 941.99	\$ 739.85	\$ 510.02	\$ 259.41	\$27.35	\$46.54	\$8.60
Retiree + 1	2,032.86	1,588.48	1,847.55	1,467.86	1,030.60	769.43	51.14	86.59	14.61
Retiree + Family	2,880.74	2,249.11	2,656.39	2,078.22	1,474.06	1,223.39	94.36	153.82	26.10

Employees Covered by Benefit Terms. In 2019, there were 945 active and 43 inactive employees covered by the plan.

Total OPEB Liability. The City's total OPEB liability is \$4,480,192 as of December 31, 2019 and was determined by an actuarial valuation as of that date.

Actuarial Methods and Assumptions. The actuarial assumptions used in the valuation represent a reasonable long-term expectation of future OPEB outcomes. The assumptions are tested with each valuation for ongoing reasonableness and are updated if appropriate.

Inflation	3%
Salary Increases	3.50%
Discount Rate	3.26%
Health care cost trend rates	6.4% in 2019 decreasing 0.2% per year to an ultimate rate of 5% for 2026 and later years
Mortality rates	RP-2014 Generational Table using MP 2015 projections scale applied on a gender-specific basis
Excise Tax	This tax was repealed

The discount rate was based on S&P Municipal Bond 20 Year High Grade Index as of December 31, 2019.

Change in Total OPEB Liability.

	Total OPEB Liability
Balance as of December 31, 2018	\$ 4,443,777
Changes for the year:	
Service cost	208,610
Interest	144,867
Change of benefit terms	-
Difference between expected and actual experience	(93,021)
Changes in assumptions or other inputs	(85,101)
Benefit payments	(138,940)
Net changes	36,415
Balance as of December 31, 2019	\$ 4,480,192

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following table presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or higher than the current discount rate.

	1% Decrease (2.26%)	Discount Rate (3.26%)	1% Increase (4.26%)
Total OPEB Liability	\$ 5,041,200	\$ 4,480,192	\$ 3,997,858

City of Thornton, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

NOTE K – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

1. Defined Benefit Post-Employment Health Care Plan (continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following table presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a medical trend rate that is 1-percentage-point lower or higher than the current trend rate.

	1% Decrease (5.4% graded)	Trend Rates (6.4% graded)	1% Increase (7.4% graded)
Total OPEB Liability	\$ 3,921,765	\$ 4,480,192	\$ 5,149,018

OPEB Expense and Deferred Inflows and Outflows. Changes in the total OPEB liability due to: (1) changes in actuarial assumptions or (2) differences between expected actuarial experience and actual experience are deferred and recognized in the OPEB expense over a closed period equal to the average expected remaining service lives of employees and retirees, starting with the current reporting period. The average remaining service lives as of December 31, 2019 is 5.82 years.

Amounts reported as Deferred Outflows of Resources related to OPEB as of December 31, 2019 will be recognized in OPEB Expense as follows:

	Deferred Inflow of Resources	Deferred Outflows of Resources
Difference between expected and actual experience	\$ 77,038	\$ 928,673
Changes in assumptions or other inputs	215,352	-
Total	<u>\$ 292,390</u>	<u>\$ 928,673</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as a future OPEB expense as follows:

Table for CAFR Footnote	
Year Ending December 31	
2020	\$ 178,968
2021	178,968
2022	178,968
2023	124,476
2024	(25,097)
Total	<u>\$ 636,283</u>

2. Retirement Health Savings Plan

Additionally, the City offers employees a retirement health savings plan, which is classified as a defined contribution plan. Regular employees, City Officials, Police and Firefighters, become eligible after five years of continuous service, at which time, participation in the plan is mandatory, for 2019 the plan had 1,823 participants. Contributions and plan benefit terms are established and amended on the authority of City Council. Contributions are currently made by the City. The annual contribution is determined each year by City Council, for 2019, the amount contributed was \$234,150.

ICMA Retirement Corporation, an independent trustee, administers funds for this plan. The City maintains accounting records. The trustee provides participants with quarterly statements of contributions, withdrawals and earnings.

City of Thornton, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

NOTE L - RISK MANAGEMENT

1. General Liability Insurance Pool

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries insurance with the Colorado Intergovernmental Risk Sharing Agency (CIRSA). CIRSA is a separate and independent governmental and legal entity. The purposes of CIRSA are to provide members defined liability and property coverage through joint self-insurance, insurance, reinsurance, or any combination thereof, and to assist members to prevent and reduce losses and injuries to municipal property and to persons or property which might result in claims being made against members of CIRSA, or their employees or officers.

All operating funds of the City participate in the program and make payments to the Risk Management Fund based on actuarial estimates of the amounts needed to pay current-year claims and to establish a reserve for catastrophe losses. The City pays claims up to the self-insured retention. In 2019, the self-insured retention (deductible amount) set by the City was \$250,000 per claim. Through CIRSA, the City purchases commercial excess insurance for claims in excess of \$250,000. Every year the City hires an independent actuary to calculate incurred but not reported claims (IBNR). The City reserves a liability for property/casualty claims of \$1,464,782. There has been no significant reduction in insurance coverage from the prior year. Only one settlement exceeded the City's self-insurance coverage in the past three years.

City of Thornton, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

NOTE L - RISK MANAGEMENT (CONTINUED)

1. General Liability Insurance Pool (Continued)

	2019	2018
Reserve for unpaid claims, January 1,	\$ 898,133	\$ 1,227,085
Incurred claims (including IBNRs)	1,551,913	372,416
Claim payments	<u>(985,264)</u>	<u>(701,368)</u>
Reserve for unpaid claims, December 31,	<u>\$ 1,464,782</u>	<u>\$ 898,133</u>
Unpaid claims to be paid in 1 year	<u>\$ 658,674</u>	<u>\$ 363,132</u>

The City's respective share of CIRSA's member fund balances for the most recently available statements are as follows:

Year*	Fund	PC Pool surplus (deficit) December 31, 2018 **	City of Thornton's contribution ratio	City of Thornton's share of surplus as of December 31, 2018
1996	Loss Fund	\$ 52,027	0.000%	\$ -
1997	Loss Fund	39,942	0.000%	-
1998	Loss Fund	-	0.000%	-
1999	Loss Fund	-	0.000%	-
2000	Loss Fund	-	0.000%	-
2001	Loss Fund	3	0.000%	-
2002	Loss Fund	-	0.000%	-
2003	Loss Fund	361,070	0.000%	-
2004	Loss Fund	1,354,299	0.768%	10,396
2005	Loss Fund	-	0.000%	-
2006	Loss Fund	2,672,450	0.349%	9,334
2007	Loss Fund	10,360	0.000%	-
2008	Loss Fund	2,493,869	0.000%	-
2009	Loss Fund	2,242,905	0.000%	-
2010	Loss Fund	-	0.000%	-
2011	Loss Fund	175,879	0.000%	-
2012	Loss Fund	1,722,489	0.000%	-
2013	Loss Fund	1,573,411	0.000%	-
2014	Loss Fund	2,015,838	0.000%	-
2015	Loss Fund	378,075	0.000%	-
2016	Loss Fund	(36,537)	0.000%	-
2017	Loss Fund	(1,440,058)		
2018	Loss Fund	590,288		
ALL	Operating fund	5,197,331	0.616%	32,011
ALL	Excess fund	(1,075,823)	17.623%	(189,588)
ALL	Reserve fund	8,805,001	0.758%	66,730
		<u>\$ 27,132,819</u>		<u>\$ (71,117)</u>

* Years 1982 through 1995 no longer have balances remaining.

** Surpluses or deficits for any year are subject to change for reasons which include: interest earnings or invested amounts for those years and funds, reestimation of losses for those years and funds, and credits or distributions from surplus for those years and funds.

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE L - RISK MANAGEMENT (CONTINUED)

1. General Liability Insurance Pool (Continued)

Summary of the most recently available financial information for CIRSA (December 31, 2018) is as follows:

Assets	<u>\$ 47,466,852</u>
Liabilities, including incurred but not reported claims	\$ 20,334,033
Members' fund balance	
Accumulated members' equity	<u>27,132,819</u>
Total liabilities and fund balance	<u>\$ 47,466,852</u>
Revenues	\$ 21,624,230
Expenses	<u>25,588,893</u>
Net decrease in members' fund balance	<u>\$ (3,964,663)</u>

2. Workers' Compensation

On January 1, 1992, the City established a limited Risk Management program for worker's compensation. This program was tailored to meet an annual exposure predicted from ten years of claims history. A risk retention of \$550,000 per accident is maintained and funded through the Risk Management Fund, based on an annual estimated claims cost. The City purchases commercial excess insurance for claims in excess of \$550,000. Claims administration and medical services are provided through contract and the City's Risk Management Administrator is responsible for overall program management. The State of Colorado has a strict application and annual renewal process that includes funding verification, excess insurance coverage verification, claims data review and provision of a comprehensive loss prevention and control program. The application includes a required surety bond of \$801,000 to cover the City's risk retention portion.

All operating funds of the City participate in the program and make payments to the Risk Management Fund based on actuarial estimates of the amounts needed to pay current year claims and to establish a reserve for catastrophe losses. Every year the City hires an independent actuary to calculate incurred but not reported claims (IBNR). The City reserves a liability for workers' compensation of \$3,378,230. There have been no significant reductions in insurance coverage from the prior year. There has been one claim that exceeded the City's risk retention in the last ten years.

	<u>2019</u>	<u>2018</u>
Reserve for unpaid claims, January 1,	\$ 3,495,301	\$ 3,038,197
Incurred claims (including IBNRs)	2,459,761	2,430,926
Claim payments	<u>(2,576,832)</u>	<u>(1,973,822)</u>
Reserve for unpaid claims, December 31,	<u>\$ 3,378,230</u>	<u>\$ 3,495,301</u>
Unpaid claims to be paid in 1 year	<u>\$ 1,456,643</u>	<u>\$ 1,545,079</u>

3. Self-Funded Dental Insurance

The City established two self-funded dental programs effective January 1, 2007: Delta EPO and Delta Premier. The purpose of these programs is to pay the dental claims of eligible City employees and their covered dependents. As of January 1, 2007 the City entered into an administrative services only arrangement with Delta Dental of Colorado, whereby the City pays Delta Dental a separate amount for administrative costs and claim servicing fees. The City agrees to provide monthly funding for the payment of claims. At the end of the year, the City retains any money not spent on claims. The City has recorded a liability in this fund totaling \$30,000 for open and estimated claims not yet reported at December 31, 2019.

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE L - RISK MANAGEMENT (CONTINUED)

3. Self-Funded Dental Insurance (Continued)

	2019	2018
Reserve for unpaid claims, January 1,	\$ 20,000	\$ 86,000
Incurring claims (including IBNRs)	771,500	702,827
Claim payments	<u>(761,500)</u>	<u>(768,827)</u>
Reserve for unpaid claims, December 31,	<u>\$ 30,000</u>	<u>\$ 20,000</u>
Unpaid claims to be paid in 1 year	<u>\$ 30,000</u>	<u>\$ 20,000</u>

4. Self-Funded Vision Insurance

The City established a self-funded vision program effective January 1, 2009: Vision Service Plan. The purpose of this program is to pay the vision claims of eligible City employees and their covered dependents. As of January 1, 2009 the City entered into an administrative services only arrangement with Vision Service Plan, whereby the City pays Vision Service Plan a separate amount for administrative costs and claim servicing fees. The City agrees to provide monthly funding for the payment of claims. At the end of the year, the City retains any money not spent on claims. The City has a recorded liability in this fund totaling \$6,000 for open and estimated claims not yet reported at December 31, 2019.

	2019	2018
Reserve for unpaid claims, January 1,	\$ 7,000	\$ 14,000
Incurring claims (including IBNRs)	122,276	114,130
Claim payments	<u>(123,276)</u>	<u>(121,130)</u>
Reserve for unpaid claims, December 31,	<u>\$ 6,000</u>	<u>\$ 7,000</u>
Unpaid claims to be paid in 1 year	<u>\$ 6,000</u>	<u>\$ 7,000</u>

NOTE M - LEGAL RESTRICTION

At the November 3, 1992 general election, Colorado voters approved an amendment to the Colorado Constitution commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR was effective December 31, 1992, and its provisions limit government taxes, spending revenues and debt without electoral approval. On November 6, 2001, the City's voters chose to permit the City to collect, retain and spend the full amount of the City's past and future taxes and other revenue above the TABOR amendment limitations.

TABOR by its terms applies to local governments such as the City but excludes "enterprises," which are defined as (1) a government owned business, (2) authorized to issue its own debt and (3) receives less than 10% of its annual revenue in grants from all state and local governments. The City considers its Water, Sewer, and Sanitation to be "enterprise" funds, and therefore considers them excluded from the terms of TABOR. All other government activities are presumably covered under the limitations of TABOR.

TABOR also requires the City to set aside a portion of its spending for an emergency reserve. In 2019, the required reserve of 3% of current year spending, excluding voter approved amounts, federal revenues, bond proceeds, and other restrictions under TABOR, totaled \$5,370,110. The City is not allowed to use the emergency reserve to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

NOTE N - COMMITMENTS AND CONTINGENT LIABILITIES

1. Litigation

The City is a defendant in various lawsuits, including claims related to activities or employees of the City. The City maintains a self-funded reserve in the Risk Management fund of \$1,464,782 for general liability and \$3,378,230 for worker's compensation claims. The City believes that final disposition of matters not covered by insurance will not have a material adverse effect on the City's financial condition.

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE N - COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

2. Contracts

The City has \$17,902,518 and \$12,019,105, in outstanding contracts with various contractors for the Governmental Capital Fund and all other governmental funds, respectively. The City has \$38,647,497, \$7,889,359, and \$665,367 in outstanding contracts with various contractors for the Water Fund, Sewer Fund, and all other proprietary funds, respectively.

The City has a collective bargaining agreement between the City of Thornton and the Thornton Firefighters Local Number 2376, International Association of Firefighters for the line firefighters. The current agreement is for two years and expires January 1, 2021.

The City has a collective bargaining agreement between the City of Thornton and the Fraternal Order of Police, Thornton Police Department Colorado Lodge 16, for Police Officers and Police Sergeants. The current agreement is for two years and expires December 31, 2019.

Certain City employees have contracts through the fiscal year 2019. Some contracts include severance packages, not exceeding nine months, if the employee is involuntarily terminated.

NOTE O – TAX ABATEMENTS

The City of Thornton enters into incentive agreements to encourage economic development and redevelopment, to retain growing businesses, to grow the local economy and to provide quality job opportunities for Thornton residents. Incentive agreements are entirely discretionary and are considered on a case-by-case basis by the City Council. A written agreement is required and no agreement is final without formal action by City Council.

All incentive agreements are performance based. Performance based means that before any monies are disbursed the business shall meet or exceed the specific performance measures identified in the Incentive Agreement. Specific performance measures may include: (a) meeting the requirements of the eligibility threshold for jobs and wages; (b) requiring new revenues generated by the business to equal or exceed the total dollar amount of the incentive provided during the period of the incentive agreement by rebate or refund; (c) requiring any rebate or refund to come from the revenues actually generated by that business; or (d) requiring the completion of significant development review process milestones such as successful completion and issuance of a development permit, building permit or certificate of occupancy. Incentive agreements with performance measures tied to jobs and wages contain a recapture provision if the abatement recipient does not maintain the eligibility threshold for the specified period.

Incentive packages vary and may include the City agreeing to forego a portion of its sales tax, a direct subsidy for public infrastructure costs or a rebate of sales taxes, use taxes, permit fees, or property taxes. Rebate of sales and use taxes will only be considered for new taxes generated by the business. Unless special circumstances dictate, such rebate will be limited to 50% of the new sales and use taxes generated. The City does not rebate existing sales and uses taxes generated by a business. All incentive agreements are subject to annual appropriations by City Council as required in the Colorado Constitution and the City Charter. In 2019, the City's expenditures include \$5,641,639 in tax abatements.

NOTE P – SUBSEQUENT EVENTS

On May 5, 2020, the City issued \$26,785,000 Certificates of Participation, Series 2020 evidencing proportionate interests in the base rentals under the annually renewable Lease Purchase Agreement. The proceeds of the issuance will be used to finance or reimburse the City for the costs of the new Active Adult Center and improvements to the aquatics facility contained within the Margaret Carpenter Recreation Center. The base rentals are due in annual installments beginning November 15, 2021 of \$985,000 to \$1,995,000 through November 15, 2038 with interest at 3.00% to 5.00%.

The spread of COVID-19, a novel strain of coronavirus, is altering the behavior of businesses and people throughout the United States. Further, financial markets have recently experienced a significant decline attributed to coronavirus concerns. The continued spread of COVID-19 may adversely impact the local, regional and national economies. The extent to which the coronavirus impacts the City's results will depend on future developments, which are highly uncertain and cannot be predicted. The impact is highly dependent on the breadth and duration of the outbreak and could be affected by other factors that cannot currently be predicted. Accordingly, management cannot presently estimate the overall operational and financial impact to the City, but such an impact could have a material adverse effect on the financial condition of the City.

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REQUIRED SUPPLEMENTARY INFORMATION

City of Thornton, Colorado

General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Non US GAAP Basis For the year ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Positive (negative) variance - actual from final
	Original	Final		
REVENUES				
Taxes				
Sales and use	\$ 84,693,306	\$ 84,693,306	\$ 81,489,666	\$ (3,203,640)
Property	13,301,817	13,301,817	13,517,289	215,472
Franchise	6,259,980	6,259,980	6,195,392	(64,588)
Other	3,006,428	3,006,428	2,935,501	(70,927)
Licenses and permits	5,473,200	5,473,200	6,478,463	1,005,263
Intergovernmental	6,989,799	6,989,799	7,773,681	783,882
Governmental grants	1,074,690	1,074,690	1,545,248	470,558
Charges for services	15,310,284	16,363,231	17,452,032	1,088,801
Fines and forfeitures	1,970,896	1,970,896	2,230,512	259,616
Investment earnings	600,000	600,000	1,910,793	1,310,793
Miscellaneous	673,984	673,984	886,474	212,490
Total revenues	<u>139,354,384</u>	<u>140,407,331</u>	<u>142,415,051</u>	<u>2,007,720</u>
EXPENDITURES				
Current				
General government				
Legislative	2,491,709	2,491,709	2,527,807	(36,098)
City manager	3,116,257	3,116,257	3,264,572	(148,315)
General services	21,378,540	21,746,163	21,762,716	(16,553)
Miscellaneous	6,856,190	6,856,190	4,787,202	2,068,988
Police	36,068,135	36,590,533	37,911,522	(1,320,989)
Fire and ambulance	18,402,068	18,597,911	19,748,541	(1,150,630)
City development	9,406,264	9,447,176	9,348,050	99,126
Streets, traffic and engineering	12,351,995	12,351,995	11,850,721	501,274
Community services	22,482,602	22,536,691	21,927,844	608,847
Capital outlay	3,455,578	3,455,578	3,227,589	227,989
Debt service				
Principal retirement	-	-	114,346	(114,346)
Interest and bond fees	-	-	19,268	(19,268)
Total expenditures	<u>136,009,338</u>	<u>137,190,203</u>	<u>136,490,178</u>	<u>700,025</u>
Excess of revenues over expenditures	3,345,046	3,217,128	5,924,873	2,707,745
OTHER FINANCING SOURCES (USES)				
Transfers in	5,029,245	5,029,245	6,042,991	1,013,746
Transfers out	(34,765)	(34,765)	(34,765)	-
Sales of general capital assets	-	-	108,423	108,423
Total other financing sources	<u>4,994,480</u>	<u>4,994,480</u>	<u>6,116,649</u>	<u>1,122,169</u>
Excess of revenues and other sources over expenditures and other sources before reconciling items	<u>\$ 8,339,526</u>	<u>\$ 8,211,608</u>	12,041,522	<u>\$ 3,829,914</u>
RECONCILIATION TO US GAAP BASIS				
RHS & sick payout			(27,043)	
Net change in fund balances			12,014,479	
Fund balances, January 1			<u>39,278,658</u>	
Fund balances, December 31			<u>\$ 51,293,137</u>	

City of Thornton, Colorado

Schedule of Proportionate Share of the Net Pension Liability Statewide Defined Benefit Plan (SWDB)

	2015	2016	2017	2018	2019
City's proportion of the net pension liability	0.221023%	0.140685%	0.077294%	1.172316%	3.833744%
City's proportionate share of the net pension liability (asset)	\$ (249,441)	\$ (2,478)	\$ 27,931	\$ (1,686,561)	\$ 4,846,906
Covered payroll firefighters	\$ 993,945	\$ 681,525	\$ 395,575	\$ 2,027,550	\$ -
Covered payroll police new hire	-	-	-	309,775	-
Covered payroll police reentry	-	-	-	2,998,270	-
City's proportionate share of the net pension liability (asset) as a percentage of covered payroll	-25.10%	-0.36%	7.06%	-31.61%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	106.80%	100.10%	98.21%	106.30%	95.20%
Presented as of the measurement date, December 31,	2014	2015	2016	2017	2018

Information for Fiscal Year 2010 through 2014 is not available.

City of Thornton, Colorado

Schedule of Pension Contributions Statewide Defined Benefit Plan (SWDB)

	2015	2016	2017 (1)	2018	2019
Statutorily required contribution	\$ 54,522	\$ 31,646	\$ 486,813	\$ 2,063,822	\$ 2,239,975
Contributions in relation to the statutorily required contribution	54,522	31,646	486,813	2,063,822	2,239,975
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll firefighters	\$ 681,525	\$ 395,575	\$ 2,027,550	\$ 7,431,738	\$ 8,487,588
Covered payroll police new hire	-	-	309,775	2,132,838	3,279,363
Covered payroll police reentry	-	-	2,998,270	12,986,550	12,986,190
Contributions as a percentage of covered payroll					
Firefighters	8.00%	8.00%	8.00%	8.00%	8.00%
Police new hire	-	-	8.00%	8.00%	8.00%
Police reentry	-	-	10.00%	10.00%	10.00%

Information for Fiscal Year 2010 through 2014 is not available.

Other information:

(1) 2017 includes \$415,740 related to the reentry of Current Police Officers and Firefighters

City of Thornton, Colorado

Schedule of Proportionate Share of the Net Pension Liability Statewide Hybrid Plan (SWH)

	<u>2018</u>	<u>2019</u>
City's proportion of the net pension liability	5.612520%	8.541335%
City's proportionate share of the net pension liability (asset)	\$ (1,097,401)	\$ 1,178,999
Covered payroll firefighters	\$ 143,551	\$ 603,713
Covered payroll police	198,039	878,330
City's proportionate share of the net pension liability (asset) as a percentage of covered payroll	-321.26%	79.55%
Plan fiduciary net position as a percentage of the total pension liability	138.86%	123.46%
Presented as of the measurement date, December 31,	2017	2018

There is no information for Fiscal Year 2010 through 2017. Plan was offered to Sworn Police and Firefighters hired before July 10, 2017 that elected to reaffiliate with FPPA in 2017.

City of Thornton, Colorado

Schedule of Pension Contributions Statewide Hybrid Plan (SWH)

	2018	2019
Statutorily required contribution	\$ 136,129	\$ 139,351
Contributions in relation to the statutorily required contribution	136,129	139,351
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>
Covered payroll firefighters	\$ 603,713	\$ 635,675
Covered payroll police	878,330	884,970
Contributions as a percentage of covered payroll		
Firefighters	8.00%	8.00%
Police reentry	10.00%	10.00%

There is no information for Fiscal Year 2010 through 2017. Plan was offered to Sworn Police and Firefighters hired before July 10, 2017 that elected to reaffiliate with FPPA in 2017.

City of Thornton, Colorado

Schedule of Proportionate Share of the Net Pension Liability Old Hire Plan (Thornton Fire Department)

	2015	2016	2017	2018	2019
Total Pension Liability					
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	566,974	549,907	427,182	393,042	538,048
Benefit changes	-	-	-	281,477	-
Differences between expected and actual experience	-	(305,110)	-	389,958	-
Assumption changes	-	2,319,410	312,071	(2,243,221)	-
Benefit payments, including refunds of employee contributions	(806,304)	(782,322)	(749,075)	(788,438)	(788,438)
Net change in total pension liability	(239,330)	1,781,885	(9,822)	(1,967,182)	(250,390)
Total pension liability - beginning	7,955,511	7,716,181	9,498,066	9,488,244	7,521,062
Total pension liability - ending	<u>\$ 7,716,181</u>	<u>\$ 9,498,066</u>	<u>\$ 9,488,244</u>	<u>\$ 7,521,062</u>	<u>\$ 7,270,672</u>
Plan fiduciary net position					
Contributions - employer	\$ -	\$ 239,804	\$ -	\$ 551,130	\$ 269,653
Contributions - employee	-	-	-	-	-
Net investment income	352,452	90,586	220,309	607,804	7,900
Benefit payments, including refunds of employee contributions	(806,304)	(782,322)	(749,075)	(788,438)	(788,438)
Administrative expense	(11,060)	(9,397)	(10,095)	(4,259)	(8,772)
Net change in plan fiduciary net position	(464,912)	(461,329)	(538,861)	366,237	(519,657)
Plan fiduciary net position - beginning	5,560,276	5,095,364	4,634,035	4,095,174	4,461,411
Plan fiduciary net position - ending	<u>\$ 5,095,364</u>	<u>\$ 4,634,035</u>	<u>\$ 4,095,174</u>	<u>\$ 4,461,411</u>	<u>\$ 3,941,754</u>
Net pension liability	2,620,817	4,864,031	5,393,070	3,059,651	3,328,918
Plan fiduciary net position as a percentage of total pension liability	66.03%	48.79%	43.16%	59.32%	54.21%
Covered payroll	-	-	-	-	-
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A

Information for Fiscal Year 2010 through 2014 is not available.

City of Thornton, Colorado

Schedule of Pension Contributions Old Hire Plan (Thornton Fire Department)

	2014	2015	2016	2017 (3)	2018	2019
Actuarial determined contribution (1)	\$ 192,152	\$ 239,804	\$ 269,653	\$ 269,653	\$ 269,653	\$ 337,419
Contributions in relation to the actuarial determined contribution (1)	-	239,804	-	551,130	269,653	337,419
Contribution deficiency (excess)	<u>\$ 192,152</u>	<u>\$ -</u>	<u>\$ 269,653</u>	<u>\$ (281,477)</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule

Actuarially determined contribution rates are calculated as of January 1 of even numbered years.

Methods and Assumptions Used to Determine Contribution Rates for current fiscal year:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open (2)
Remaining Amortization Period	18 Years (2)
Asset Valuation Method	5-Year smoothed market
Inflation	2.5%
Salary Increases	N/A
Investment Rate of Return	7.50%
Retirement Age	Any remaining actives are assumed to retire immediately.
Mortality	Post-retirement: For ages less than 55, RP-2014 Mortality Tables for Blue Collar Employees. For ages 65 and older, RP-2014 Mortality Tables for Blue Collar Healthy Annuitants. For ages 55 through 64, a blend of the previous tables. All tables are projected with Scale BB.
	Disabled (pre-1980): RP-2014 Disabled Generational Mortality Table generationally projected with Scale BB with a minimum 3% rate for males and 2% rate for females.

Other information:

(1) Actuarially Determined Contribution is net of employee contributions. Actual contribution is from the employer only and does not include employee amounts.

(2) Plans that are heavily weighted with retiree liabilities use an amortization period based on the expected remaining lifetime of the participants.

(3) 2017 includes a one time contribution of \$281,477 to pay for unfunded liability that resulted from an increase to monthly benefits of certain participants.

Information for Fiscal Year 2010 through 2013 is not available.

City of Thornton, Colorado

Schedule of Changes in Total OPEB and Related Ratios

	2018	2019
Total OPEB Liability		
Service cost	\$ 225,863	\$ 208,610
Interest	290,800	144,867
Benefit changes	(5,134,249)	-
Differences between expected and actual experience	1,425,291	(93,021)
Assumption changes	(222,345)	(85,101)
Benefit payments	(130,583)	(138,940)
Net change in total OPEB liability	(3,545,223)	36,415
 Total OPEB liability - beginning	 7,989,000	 4,443,777
Total OPEB liability - ending	<u>\$ 4,443,777</u>	<u>\$ 4,480,192</u>
 Covered-payroll	 \$ 80,735,374	 \$ 87,662,142
 Total OPEB liability as a percentage of covered payroll	 5.50%	 5.11%

Notes to Schedule

Change of benefit terms: There is currently no age cut-off, but after 12/31/2019 coverage will not be available for retirees age 65 or above or those who are below age 65 and eligible for Medicare

Changes of assumptions. Changes of assumption and other inputs reflect the effects of changes in the discount rate each periods. The following are the discount rates used in each period:

2019	3.26%
2018	3.64%
2017	4.00%

Information for Fiscal Year 2010 through 2017 is not available.

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COMBINING STATEMENTS AND BUDGETARY SCHEDULES

City of Thornton, Colorado
Combining Statements and Budgetary Schedules
Fund Descriptions
Major Governmental Funds

Capital Projects Funds

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

Governmental Capital Fund – to account for capital replacement and planned growth infrastructure and other capital assets of the City government, financed by existing and current resources (sales and use taxes).

Thornton Development Authority North Washington Fund (TDA North) (Component Unit) – to account for debt services and capital improvement projects within the Authority boundaries financed by current resources (property tax, sales tax, investment income) and by bond proceeds. The debt service payments are for the following bond issue:

\$13,900,000 Thornton Development Authority Tax Increment Revenue Refunding (North Washington Street Urban Corridor), Series 2015A – financed by sales and property tax incremental increases within the boundaries of the North Washington Urban Renewal Area. The bonds are due in semi-annual payments until maturity in 2028.

City of Thornton, Colorado

Governmental Capital Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For the year ended December 31, 2019

	Budget	Actual	Positive (negative) variance from actual
REVENUES			
Taxes - sales and use	\$ 10,712,165	\$ 14,550,525	\$ 3,838,360
Intergovernmental	4,630,775	3,926,394	(704,381)
Governmental grants	3,071,782	1,718,022	(1,353,760)
Lease	175,701	175,701	-
Investments			
Investment earnings	500,000	2,089,622	1,589,622
Miscellaneous			
Developers' contributions	1,323,064	324,756	(998,308)
Other	25,000	58,929	33,929
Total revenues	<u>20,438,487</u>	<u>22,843,949</u>	<u>2,405,462</u>
EXPENDITURES			
Streets, traffic and engineering	2,354,127	2,464,805	(110,678)
Capital outlay	69,138,105	24,695,185	44,442,920
Debt service			
Principal retirement	3,473,500	3,282,467	191,033
Interest	1,075,906	1,264,610	(188,704)
Bond fees	5,000	3,809	1,191
Total expenditures	<u>76,046,638</u>	<u>31,710,876</u>	<u>44,335,762</u>
Deficiency of revenues under expenditures	<u>(55,608,151)</u>	<u>(8,866,927)</u>	<u>46,741,224</u>
OTHER FINANCING SOURCES			
Transfers in	1,269,538	1,269,538	-
Sales of general capital assets	-	80,590	80,590
Total other financing sources	<u>1,269,538</u>	<u>1,350,128</u>	<u>80,590</u>
Net change in fund balance	<u>\$ (54,338,613)</u>	<u>(7,516,799)</u>	<u>\$ 46,821,814</u>
Fund balance, January 1		<u>48,485,699</u>	
Fund balance, December 31		<u>\$ 40,968,900</u>	

City of Thornton, Colorado

Thornton Development Authority North Capital Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For the year ended December 31, 2019

	Budget	Actual	Positive (negative) variance from actual
REVENUES			
Taxes			
Sales and use	\$ 5,447,611	\$ 5,523,172	\$ 75,561
Property	6,085,318	4,589,770	(1,495,548)
Investments			
Investment earnings	245,000	385,568	140,568
Miscellaneous			
Developers' contributions	-	79,318	79,318
Total revenues	<u>11,777,929</u>	<u>10,577,828</u>	<u>(1,200,101)</u>
EXPENDITURES			
Capital outlay	22,004,099	14,304,786	7,699,313
Debt service			
Principal retirement	920,000	920,000	-
Interest	488,263	488,263	-
Bond fees	3,000	2,500	500
Total expenditures	<u>23,415,362</u>	<u>15,715,549</u>	<u>7,699,813</u>
Deficiency of revenues under expenditures	<u>(11,637,433)</u>	<u>(5,137,721)</u>	<u>6,499,712</u>
OTHER FINANCING USES			
Transfers out	<u>(4,049,241)</u>	<u>(4,049,241)</u>	<u>-</u>
Total other financing uses	<u>(4,049,241)</u>	<u>(4,049,241)</u>	<u>-</u>
Net change in fund balance	<u>\$ (15,686,674)</u>	<u>(9,186,962)</u>	<u>\$ 6,499,712</u>
Fund balance, January 1		<u>18,156,267</u>	
Fund balance, December 31		<u>\$ 8,969,305</u>	

City of Thornton, Colorado
Combining Statements and Budgetary Schedules
Fund Descriptions
Non-Major Governmental Funds

Special Revenue Funds

Special Revenue funds are used to account for specific revenues that are legally restricted to expend for particular purposes.

Thornton Arts, Sciences and Humanities Council (TASHCO) Fund (Component Unit) – to account for monies received from grants and program revenues for purposes of cultural enhancements.

Cash in Lieu Fund – to account for monies contributed by land developers in lieu of providing an improvement such as parks or drainage.

Conservation Trust Fund – to account for monies received from the State government for purposes of developing new parks and park improvements.

Parks Fund – to account for one-third of the .25% open space tax to be used exclusively for the purchase and development of parks in the City.

Open Space Fund – to account for one-third of the .25% open space tax to be used exclusively for the purchase and development of open space in the City.

Parks and Open Space Fund – to account for one-third of the .25% open space tax to be used exclusively for the purchase and development of parks and open space in the City, based on the recommendations of the Parks and Open Space Advisory Committee (POSAC).

Adams County Open Space Sales Tax Fund – to account for open space monies from Adams county to be used exclusively for the purchase and development of open space in the City.

Adams County Road and Bridge Sales Tax Fund – to account for road and bridge monies from Adams County to be used exclusively for transportation related projects in the City.

136th Avenue GID Fund (Component Unit) – to account for the collection of assessment revenues to be used exclusively for payment of the construction of the interchange at 136th Avenue and Interstate 25.

E911 Authority Fund (Component Unit) – to account for E911 surcharges received from telecommunication companies doing business within the City. The Authority was established by City Council in 2004, and funds collected are used to pay for a portion of costs authorized by State statute for the City to provide emergency telephone services.

Capital Projects Funds

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

Thornton Development Authority South Capital Fund (Component Unit) – to account for capital improvement projects within the Authority boundaries financed by existing and current resources (property tax and investment income).

Thornton Development Authority 144th (TDA 144th) (Component Unit) – to account for debt services and capital improvement projects within the Authority boundaries financed by current resources (property tax, sales tax, investment income) and by bond proceeds. The debt service payments are for the following bond issue:

\$27,580,000 Thornton Development Authority Tax Increment Revenue Bonds (East 144th Avenue and I-25 Project), Series 2015B – financed by sales and property tax incremental increases within the boundaries of the 144th Urban Renewal Area. The bonds are due in semi-annual payments until maturity in 2037.

City of Thornton, Colorado

Combining Balance Sheet Non-Major Governmental Funds December 31, 2019

	Special Revenue Funds					
	TASHCO	Cash in Lieu	Conservation Trust	Parks	Open Space	Parks & Open Space
ASSETS						
Equity in pooled cash and investments						
Unrestricted	\$ 339,150	\$ 1,815,027	\$ 2,023,761	\$ 1,024,982	\$ 9,939,499	\$ 17,400,138
Restricted	-	-	-	-	-	-
Receivables, net						
Taxes	-	-	-	-	-	674,525
Accounts	-	-	-	-	9,600	-
Interest	1,254	6,741	6,927	3,760	36,811	65,344
Land held for resale	-	-	-	-	-	-
Total assets	<u>\$ 340,404</u>	<u>\$ 1,821,768</u>	<u>\$ 2,030,688</u>	<u>\$ 1,028,742</u>	<u>\$ 9,985,910</u>	<u>\$ 18,140,007</u>
LIABILITIES						
Accounts payable	2,995	3,331	236,928	-	64,964	3,725,438
Retainage payable	-	3,134	8,260	-	3,636	296,193
Third party advances	-	1,367,580	-	-	-	-
Unearned revenue	-	-	-	-	9,600	-
Other	-	-	-	-	-	-
Total liabilities	<u>2,995</u>	<u>1,374,045</u>	<u>245,188</u>	<u>-</u>	<u>78,200</u>	<u>4,021,631</u>
DEFERRED INFLOWS						
Unavailable revenue -						
Property taxes	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Restricted						
Parks and open space	-	-	1,785,500	1,028,742	9,907,710	14,118,376
Capital projects	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Other purposes	53,725	-	-	-	-	-
Assigned						
Capital projects	-	-	-	-	-	-
Land held for resale	-	-	-	-	-	-
Parks and open space	-	447,723	-	-	-	-
Other purposes	283,684	-	-	-	-	-
Total fund balances	<u>337,409</u>	<u>447,723</u>	<u>1,785,500</u>	<u>1,028,742</u>	<u>9,907,710</u>	<u>14,118,376</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 340,404</u>	<u>\$ 1,821,768</u>	<u>\$ 2,030,688</u>	<u>\$ 1,028,742</u>	<u>\$ 9,985,910</u>	<u>\$ 18,140,007</u>

Special Revenue Funds				
Adams County Open Space Sales Tax	Adams County Road & Bridge Sales Tax	136th Avenue GID	E911 Authority	Total Special Revenue
\$ 1,998,062	\$ 6,998,411	\$ 7,470	\$ 3,270	\$ 41,549,770
-	-	-	-	-
712,560	689,422	105,352	93,645	2,275,504
-	-	-	-	9,600
6,354	25,605	85	917	153,798
-	-	-	-	-
<u>\$ 2,716,976</u>	<u>\$ 7,713,438</u>	<u>\$ 112,907</u>	<u>\$ 97,832</u>	<u>\$ 43,988,672</u>
3,538	81,735	-	-	4,118,929
-	134,914	-	-	446,137
-	-	-	-	1,367,580
-	-	-	-	9,600
-	-	-	-	-
<u>3,538</u>	<u>216,649</u>	<u>-</u>	<u>-</u>	<u>5,942,246</u>
-	-	105,352	-	105,352
<u>712,560</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>712,560</u>
<u>712,560</u>	<u>-</u>	<u>105,352</u>	<u>-</u>	<u>817,912</u>
2,000,878	-	-	-	28,841,206
-	7,496,789	-	-	7,496,789
-	-	-	-	-
-	-	-	97,832	97,832
-	-	-	-	53,725
-	-	-	-	-
-	-	7,555	-	7,555
-	-	-	-	-
-	-	-	-	447,723
-	-	-	-	283,684
<u>2,000,878</u>	<u>7,496,789</u>	<u>7,555</u>	<u>97,832</u>	<u>37,228,514</u>
<u>\$ 2,716,976</u>	<u>\$ 7,713,438</u>	<u>\$ 112,907</u>	<u>\$ 97,832</u>	<u>\$ 43,988,672</u>

City of Thornton, Colorado

Combining Balance Sheet Non-Major Governmental Funds December 31, 2019

	Capital Funds			Total Non-major Governmental Funds
	TDA South Capital	TDA 144th Capital	Total Capital Projects	
ASSETS				
Equity in pooled cash and investments				
Unrestricted	\$ 8,403,002	\$ 553,440	\$ 8,956,442	\$ 50,506,212
Restricted	-	2,324,800	2,324,800	2,324,800
Receivables, net				
Taxes	800,515	1,904,855	2,705,370	4,980,874
Accounts	-	-	-	9,600
Interest	30,839	17,968	48,807	202,605
Land held for resale	543,099	-	543,099	543,099
Total assets	<u>\$ 9,777,455</u>	<u>\$ 4,801,063</u>	<u>\$ 14,578,518</u>	<u>\$ 58,567,190</u>
LIABILITIES				
Accounts payable	3,267	-	3,267	4,122,196
Retainage payable	-	-	-	446,137
Third party advances	13,500	-	13,500	1,381,080
Unearned revenue	-	-	-	9,600
Other	-	807,112	807,112	807,112
Total liabilities	<u>16,767</u>	<u>807,112</u>	<u>823,879</u>	<u>6,766,125</u>
DEFERRED INFLOWS				
Unavailable revenue - property taxes	802,295	1,709,145	2,511,440	2,616,792
Intergovernmental	-	-	-	712,560
Total deferred inflows of resources	<u>802,295</u>	<u>1,709,145</u>	<u>2,511,440</u>	<u>3,329,352</u>
FUND BALANCES				
Restricted				
Parks and open space	-	-	-	28,841,206
Capital projects	-	-	-	7,496,789
Debt service	-	2,258,550	2,258,550	2,258,550
Public safety	-	-	-	97,832
Other purposes	-	-	-	53,725
Assigned				
Capital projects	8,415,294	26,256	8,441,550	8,449,105
Land held for resale	543,099	-	543,099	543,099
Parks and open space	-	-	-	447,723
Other purposes	-	-	-	283,684
Total fund balances	<u>8,958,393</u>	<u>2,284,806</u>	<u>11,243,199</u>	<u>48,471,713</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 9,777,455</u>	<u>\$ 4,801,063</u>	<u>\$ 14,578,518</u>	<u>\$ 58,567,190</u>

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City of Thornton, Colorado

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Non-Major Governmental Funds For the year ended December 31, 2019

	Special Revenue Funds					
	TASHCO	Cash in Lieu	Conservation Trust	Parks	Open Space	Parks & Open Space
REVENUES						
Taxes						
Sales and use	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,410,634
Property	-	-	-	-	-	-
E911	-	-	-	-	-	-
Other	-	-	-	-	-	-
Intergovernmental	-	-	1,486,295	-	-	-
Governmental grants	53,725	-	-	-	75,000	-
Investments						
Investment earnings	11,427	61,996	57,795	37,491	342,688	831,882
Miscellaneous						
Developers' contributions	-	69,689	-	-	-	-
Other	2,982	-	-	-	11,451	50,001
Total revenues	68,134	131,685	1,544,090	37,491	429,139	8,292,517
EXPENDITURES						
Current						
Community services	91,117	-	-	-	-	-
Streets, traffic and engineering	-	-	-	-	-	-
Capital outlay	-	62,688	858,052	473,683	1,280,901	34,232,264
Debt service						
Principal retirement	-	-	-	-	-	1,237,534
Interest	-	-	-	-	-	2,369,588
Bond fees	-	-	-	-	-	-
Total expenditures	91,117	62,688	858,052	473,683	1,280,901	37,839,386
Excess (deficiency) of revenues over (under) expenditures before other sources (uses)	(22,983)	68,997	686,038	(436,192)	(851,762)	(29,546,869)
OTHER FINANCING SOURCES (USES)						
Transfers in	34,765	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	34,765	-	-	-	-	-
Net change in fund balances	11,782	68,997	686,038	(436,192)	(851,762)	(29,546,869)
Fund balances, January 1	325,627	378,726	1,099,462	1,464,934	10,759,472	43,665,245
Fund balances, December 31	\$ 337,409	\$ 447,723	\$ 1,785,500	\$ 1,028,742	\$ 9,907,710	\$ 14,118,376

Special Revenue Funds				
Adams County Open Space Sales Tax	Adams County Road & Bridge Sales Tax	136th Avenue GID	E911 Authority	Total Special Revenue
\$ -	\$ -	\$ -	\$ -	\$ 7,410,634
-	-	58,424	-	58,424
-	-	-	1,114,583	1,114,583
-	-	4,419	-	4,419
1,239,375	3,564,608	-	-	6,290,278
513,439	-	-	-	642,164
61,814	231,997	646	7,002	1,644,738
-	-	-	-	69,689
5,237	-	-	-	69,671
1,819,865	3,796,605	63,489	1,121,585	17,304,600
-	-	-	-	91,117
-	-	-	-	-
335,393	3,453,769	-	-	40,696,750
-	-	-	-	1,237,534
-	-	-	-	2,369,588
-	-	-	-	-
335,393	3,453,769	-	-	44,394,989
1,484,472	342,836	63,489	1,121,585	(27,090,389)
-	-	-	-	34,765
-	-	(62,600)	(1,180,000)	(1,242,600)
-	-	(62,600)	(1,180,000)	(1,207,835)
1,484,472	342,836	889	(58,415)	(28,298,224)
516,406	7,153,953	6,666	156,247	65,526,738
\$ 2,000,878	\$ 7,496,789	\$ 7,555	\$ 97,832	\$ 37,228,514

City of Thornton, Colorado

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued) Non-Major Governmental Funds For the year ended December 31, 2019

	Capital Funds			Total Non-major Governmental Funds
	TDA South Capital	TDA 144th Capital	Total Capital Projects	
REVENUES				
Taxes				
Sales and use	\$ -	\$ 1,499,092	\$ 1,499,092	\$ 8,909,726
Property	618,733	1,550,984	2,169,717	2,228,141
E911	-	-	-	1,114,583
Other	-	-	-	4,419
Intergovernmental	-	-	-	6,290,278
Governmental grants	-	-	-	642,164
Investments				
Investment earnings	279,340	81,471	360,811	2,005,549
Miscellaneous				
Developers' contributions	-	-	-	69,689
Other	-	-	-	69,671
Total revenues	898,073	3,131,547	4,029,620	21,334,220
EXPENDITURES				
Current				
Community services	-	-	-	91,117
Streets, traffic and engineering	-	807,112	807,112	807,112
Capital outlay	169,117	-	169,117	40,865,867
Debt service				
Principal retirement	-	670,000	670,000	1,907,534
Interest	-	1,139,394	1,139,394	3,508,982
Bond fees	-	2,500	2,500	2,500
Total expenditures	169,117	2,619,006	2,788,123	47,183,112
Excess (deficiency) of revenues over (under) expenditures before other sources (uses)	728,956	512,541	1,241,497	(25,848,892)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	34,765
Transfers out	(212,180)	(774,761)	(986,941)	(2,229,541)
Total other financing sources (uses)	(212,180)	(774,761)	(986,941)	(2,194,776)
Net change in fund balances	516,776	(262,220)	254,556	(28,043,668)
Fund balances, January 1	8,441,617	2,547,026	10,988,643	76,515,381
Fund balances, December 31	\$ 8,958,393	\$ 2,284,806	\$ 11,243,199	\$ 48,471,713

City of Thornton, Colorado

Thornton Arts, Sciences, and Humanities Council Fund (TASHCO) Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For the year ended December 31, 2019

	Budget	Actual	Positive (negative) variance from actual
REVENUES			
Governmental grants	\$ 36,600	\$ 53,725	\$ 17,125
Investments			
Investment earnings	5,000	11,427	6,427
Miscellaneous			
Other	5,000	2,982	(2,018)
Total revenues	46,600	68,134	21,534
EXPENDITURES			
Community services	94,406	91,117	3,289
Total expenditures	94,406	91,117	3,289
Deficiency of revenues under expenditures	(47,806)	(22,983)	24,823
OTHER FINANCING SOURCES			
Transfer in	34,765	34,765	-
Total other financing sources	34,765	34,765	-
Net change in fund balance	<u>\$ (13,041)</u>	11,782	<u>\$ 24,823</u>
Fund balance, January 1		325,627	
Fund balance, December 31		<u>\$ 337,409</u>	

City of Thornton, Colorado

Cash in Lieu Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For the year ended December 31, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Positive (negative) variance from actual</u>
REVENUES			
Investments			
Investment earnings	\$ 15,000	\$ 61,996	\$ 46,996
Miscellaneous			
Developers' contributions	-	69,689	69,689
Total revenues	<u>15,000</u>	<u>131,685</u>	<u>116,685</u>
EXPENDITURES			
Capital outlay	<u>192,733</u>	<u>62,688</u>	<u>130,045</u>
Total expenditures	<u>192,733</u>	<u>62,688</u>	<u>130,045</u>
Net change in fund balance	<u>\$ (177,733)</u>	68,997	<u>\$ 246,730</u>
Fund balance, January 1		<u>378,726</u>	
Fund balance, December 31		<u>\$ 447,723</u>	

City of Thornton, Colorado

Conservation Trust Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For the year ended December 31, 2019

	Budget	Actual	Positive (negative) variance from actual
REVENUES			
Intergovernmental - State lottery	\$ 1,275,000	\$ 1,486,295	\$ 211,295
Investments			
Investment earnings	20,000	57,795	37,795
Total revenues	1,295,000	1,544,090	249,090
EXPENDITURES			
Capital outlay	2,071,421	858,052	1,213,369
Total expenditures	2,071,421	858,052	1,213,369
Net change in fund balance	\$ (776,421)	686,038	\$ 1,462,459
Fund balance, January 1		1,099,462	
Fund balance, December 31		\$ 1,785,500	

City of Thornton, Colorado

Parks Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For the year ended December 31, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Positive (negative) variance from actual</u>
REVENUES			
Investments			
Investment earnings	<u>\$ 25,000</u>	<u>\$ 37,491</u>	<u>\$ 12,491</u>
Total revenues	<u>25,000</u>	<u>37,491</u>	<u>12,491</u>
EXPENDITURES			
Capital outlay	<u>1,174,926</u>	<u>473,683</u>	<u>701,243</u>
Total expenditures	<u>1,174,926</u>	<u>473,683</u>	<u>701,243</u>
Deficiency of revenues under expenditures	<u>(1,149,926)</u>	<u>(436,192)</u>	<u>713,734</u>
Net change in fund balance	<u><u>\$ (1,149,926)</u></u>	<u>(436,192)</u>	<u><u>\$ 713,734</u></u>
Fund balance, January 1		<u>1,464,934</u>	
Fund balance, December 31		<u><u>\$ 1,028,742</u></u>	

City of Thornton, Colorado

Open Space Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For the year ended December 31, 2019

	Budget	Actual	Positive (negative) variance from actual
REVENUES			
Governmental grants	\$ 3,730,377	\$ 75,000	\$ (3,655,377)
Investments			
Investment earnings	100,000	342,688	242,688
Miscellaneous			
Other	-	11,451	11,451
Total revenues	<u>3,830,377</u>	<u>429,139</u>	<u>(3,401,238)</u>
EXPENDITURES			
Capital outlay	<u>5,111,809</u>	<u>1,280,901</u>	<u>3,830,908</u>
Total expenditures	<u>5,111,809</u>	<u>1,280,901</u>	<u>3,830,908</u>
Deficiency of revenues under expenditures	<u>(1,281,432)</u>	<u>(851,762)</u>	<u>429,670</u>
Net change in fund balance	<u>\$ (1,281,432)</u>	<u>(851,762)</u>	<u>\$ 429,670</u>
Fund balance, January 1		<u>10,759,472</u>	
Fund balance, December 31		<u>\$ 9,907,710</u>	

City of Thornton, Colorado

Parks and Open Space Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For the year ended December 31, 2019

	Budget	Actual	Positive (negative) variance from actual
REVENUES			
Taxes - sales and use	\$ 7,309,447	\$ 7,410,634	\$ 101,187
Governmental grants	567,428	-	(567,428)
Investments			
Investment earnings	596,950	831,882	234,932
Miscellaneous			
Other	-	50,001	50,001
	<u>8,473,825</u>	<u>8,292,517</u>	<u>(181,308)</u>
Total revenues			
EXPENDITURES			
Capital outlay	67,330,215	34,232,264	33,097,951
Debt service			
Principal retirement	3,600,000	1,237,534	2,362,466
Interest	-	2,369,588	(2,369,588)
	<u>70,930,215</u>	<u>37,839,386</u>	<u>33,090,829</u>
Total expenditures			
Deficiency of revenues under expenditures	<u>(62,456,390)</u>	<u>(29,546,869)</u>	<u>32,909,521</u>
OTHER FINANCING SOURCES			
Issuance of debt	14,000,000	-	(14,000,000)
	<u>14,000,000</u>	<u>-</u>	<u>(14,000,000)</u>
Total other financing sources			
Net change in fund balance	<u>\$ (48,456,390)</u>	<u>(29,546,869)</u>	<u>\$ 18,909,521</u>
Fund balance, January 1		<u>43,665,245</u>	
Fund balance, December 31		<u>\$ 14,118,376</u>	

City of Thornton, Colorado

Adams County Open Space Sales Tax Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For the year ended December 31, 2019

	Budget	Actual	Positive (negative) variance from actual
REVENUES			
Intergovernmental	\$ 1,189,000	\$ 1,239,375	\$ 50,375
Governmental grants	2,176,470	513,439	(1,663,031)
Investments			
Investment earnings	35,000	61,814	26,814
Miscellaneous			
Other	-	5,237	5,237
Total revenues	<u>3,400,470</u>	<u>1,819,865</u>	<u>(1,580,605)</u>
EXPENDITURES			
Capital outlay	<u>3,661,726</u>	<u>335,393</u>	<u>3,326,333</u>
Total expenditures	<u>3,661,726</u>	<u>335,393</u>	<u>3,326,333</u>
Net change in fund balance	<u>\$ (261,256)</u>	1,484,472	<u>\$ 1,745,728</u>
Fund balance, January 1		<u>516,406</u>	
Fund balance, December 31		<u>\$ 2,000,878</u>	

City of Thornton, Colorado

Adams County Road and Bridge Sales Tax Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For the year ended December 31, 2019

	Budget	Actual	Positive (negative) variance from actual
REVENUES			
Intergovernmental	\$ 3,250,000	\$ 3,564,608	\$ 314,608
Investments			
Investment earnings	65,000	231,997	166,997
Total revenues	3,315,000	3,796,605	481,605
EXPENDITURES			
Capital outlay	9,820,449	3,453,769	6,366,680
Total expenditures	9,820,449	3,453,769	6,366,680
Net change in fund balance	\$ (6,505,449)	342,836	\$ 6,848,285
Fund balance, January 1		7,153,953	
Fund balance, December 31		\$ 7,496,789	

City of Thornton, Colorado

136th Avenue General Improvement District Tax Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For the year ended December 31, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Positive (negative) variance from actual</u>
REVENUES			
Taxes			
Property	\$ 62,600	\$ 58,424	\$ (4,176)
Other	-	4,419	4,419
Investments			
Investment earnings	-	646	646
Total revenues	<u>62,600</u>	<u>63,489</u>	<u>889</u>
OTHER FINANCING USES			
Transfers out	<u>(62,600)</u>	<u>(62,600)</u>	<u>-</u>
Total other financing uses	<u>(62,600)</u>	<u>(62,600)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	889	<u>\$ 889</u>
Fund balance, January 1		<u>6,666</u>	
Fund balance, December 31		<u>\$ 7,555</u>	

City of Thornton, Colorado

E911 Authority Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For the year ended December 31, 2019

	Budget	Actual	Positive (negative) variance from actual
REVENUES			
Taxes - E911	\$ 1,140,000	\$ 1,114,583	\$ (25,417)
Investments			
Investment earnings	-	7,002	7,002
Total revenues	<u>1,140,000</u>	<u>1,121,585</u>	<u>(18,415)</u>
OTHER FINANCING USES			
Transfers out	<u>(1,200,000)</u>	<u>(1,180,000)</u>	<u>20,000</u>
Total other financing uses	<u>(1,200,000)</u>	<u>(1,180,000)</u>	<u>20,000</u>
Net change in fund balance	<u>\$ (60,000)</u>	(58,415)	<u>\$ 1,585</u>
Fund balance, January 1		<u>156,247</u>	
Fund balance, December 31		<u>\$ 97,832</u>	

City of Thornton, Colorado

Thornton Development Authority South Capital Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For the year ended December 31, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Positive (negative) variance from actual</u>
REVENUES			
Taxes - property	\$ 515,000	\$ 618,733	\$ 103,733
Investments			
Investment earnings	<u>100,000</u>	<u>279,340</u>	<u>179,340</u>
Total revenues	<u>615,000</u>	<u>898,073</u>	<u>283,073</u>
EXPENDITURES			
Capital outlay	<u>1,292,844</u>	<u>169,117</u>	<u>1,123,727</u>
Total expenditures	<u>1,292,844</u>	<u>169,117</u>	<u>1,123,727</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(677,844)</u>	<u>728,956</u>	<u>1,406,800</u>
OTHER FINANCING USES			
Transfers out	<u>(212,180)</u>	<u>(212,180)</u>	<u>-</u>
Total other financing uses	<u>(212,180)</u>	<u>(212,180)</u>	<u>-</u>
Net change in fund balance	<u>\$ (890,024)</u>	<u>516,776</u>	<u>\$ 1,406,800</u>
Fund balance, January 1		<u>8,441,617</u>	
Fund balance, December 31		<u>\$ 8,958,393</u>	

City of Thornton, Colorado

Thornton Development Authority 144th Capital Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For the year ended December 31, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Positive (negative) variance from actual</u>
REVENUES			
Taxes			
Sales and use	\$ 1,982,162	\$ 1,499,092	\$ (483,070)
Property	1,451,036	1,550,984	99,948
Investments			
Investment earnings	70,000	81,471	11,471
Total revenues	<u>3,503,198</u>	<u>3,131,547</u>	<u>(371,651)</u>
EXPENDITURES			
Streets, traffic and engineering	816,878	807,112	9,766
Debt Service			
Principal Retirement	670,000	670,000	-
Interest	1,139,394	1,139,394	-
Bond fees	3,000	2,500	500
Total expenditures	<u>2,629,272</u>	<u>2,619,006</u>	<u>10,266</u>
Excess of revenues over expenditures	<u>873,926</u>	<u>512,541</u>	<u>(361,385)</u>
OTHER FINANCING USES			
Transfers out	<u>(774,761)</u>	<u>(774,761)</u>	<u>-</u>
Total other financing uses	<u>(774,761)</u>	<u>(774,761)</u>	<u>-</u>
Net change in fund balance	<u>\$ 99,165</u>	<u>(262,220)</u>	<u>\$ (361,385)</u>
Net position, January 1		<u>2,547,026</u>	
Net position, December 31		<u>\$ 2,284,806</u>	

City of Thornton, Colorado

Combining Statements and Budgetary Schedules Fund Descriptions Major Enterprise Funds

Enterprise Funds

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the City Council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the City Council has decided that periodic determination of net income is appropriate for accountability purposes.

Water Utility Fund – to account for the provision of water services to residents of the City and some residents of Adams County.

Sewer Utility Fund – to account for the provision of sewer services to residents of the City and some residents of Adams County.

Stormwater Fund - to account for the provision of storm sewer services to residents of the City and some residents of Adams County.

City of Thornton, Colorado

**Water Fund
Schedule of Revenues, Expenses, and Changes in Net Position
Budget and Actual - Non US GAAP Basis
For the year ended December 31, 2019**

	Budget	Actual	Positive (negative) variance from actual
OPERATING REVENUES			
Charges for services pledged for debt	\$ 47,228,923	\$ 47,009,075	\$ (219,848)
Miscellaneous revenue	119,000	119,102	102
Total operating revenues	<u>47,347,923</u>	<u>47,128,177</u>	<u>(219,746)</u>
OPERATING EXPENSES			
Source of supply	8,217,239	8,155,968	61,271
Water treatment	12,004,558	11,445,556	559,002
Collection, transmission, and distribution	3,120,035	3,335,653	(215,618)
Other operating expenses	3,549,931	3,338,025	211,906
Administration	9,467,240	9,110,804	356,436
Total operating expenses	<u>36,359,003</u>	<u>35,386,006</u>	<u>972,997</u>
Operating income	<u>10,988,920</u>	<u>11,742,171</u>	<u>753,251</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	995,000	5,450,162	4,455,162
Capital outlay	(172,415,355)	(54,010,930)	118,404,425
Debt service			
Principal payment	(1,500,000)	(1,560,000)	(60,000)
Interest	(1,356,644)	(1,296,644)	60,000
Bond fees	(5,000)	(275)	4,725
Miscellaneous revenue	4,095,402	8,616,061	4,520,659
Total nonoperating expenses	<u>(170,186,597)</u>	<u>(42,801,626)</u>	<u>127,384,971</u>
Loss before capital contributions	<u>(159,197,677)</u>	<u>(31,059,455)</u>	<u>128,138,222</u>
Grants and capital contributions	<u>23,970,451</u>	<u>22,654,379</u>	<u>(1,316,072)</u>
Deficiency of revenues under expenditures before reconciling items	<u>\$ (135,227,226)</u>	<u>(8,405,076)</u>	<u>\$ 126,822,150</u>
RECONCILIATION TO US GAAP BASIS			
Miscellaneous non-cash adjustments (administrative)		(112,404)	
Miscellaneous non-cash adjustments (ARO)		(5,000)	
Add back principal payment		1,560,000	
Change in accrued interest payable		5,200	
Gain on sale of capital assets		2,477,056	
Depreciation		(7,378,989)	
Capital asset additions (from the City's capital projects)		54,010,930	
Contributed capital assets		6,947,233	
Bond deferred premiums amortized		50,728	
Total reconciling items		<u>57,554,754</u>	
Change in net position		49,149,678	
Net position, January 1		<u>722,160,892</u>	
Net position, December 31		<u>\$ 771,310,570</u>	

City of Thornton, Colorado

Sewer Fund

Schedule of Revenues, Expenses, and Changes in Net Position Budget and Actual - Non US GAAP Basis For the year ended December 31, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Positive (negative) variance from actual</u>
OPERATING REVENUES			
Charges for services	\$ 15,277,201	\$ 15,466,882	\$ 189,681
Miscellaneous revenue	2,500	2,001	(499)
Total operating revenues	<u>15,279,701</u>	<u>15,468,883</u>	<u>189,182</u>
OPERATING EXPENSES			
Collection, transmission, and distribution	1,675,039	1,599,412	75,627
Sewage treatment-Metro Wastewater	10,764,391	10,764,391	-
Other operating expenses	239,412	232,151	7,261
Administration	1,786,594	1,786,594	-
Total operating expenses	<u>14,465,436</u>	<u>14,382,548</u>	<u>82,888</u>
Operating income	<u>814,265</u>	<u>1,086,335</u>	<u>272,070</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	190,000	670,691	480,691
Capital outlay	(17,268,100)	(1,920,304)	15,347,796
Total nonoperating expenses	<u>(17,078,100)</u>	<u>(1,249,613)</u>	<u>15,828,487</u>
Loss before capital contributions and transfers	(16,263,835)	(163,278)	16,100,557
Capital contributions	<u>1,700,000</u>	<u>1,528,200</u>	<u>(171,800)</u>
Excess (Deficiency) of revenues over (under) expenditures before reconciling items	<u>\$ (14,563,835)</u>	1,364,922	<u>\$ 15,928,757</u>
RECONCILIATION TO US GAAP BASIS			
Miscellaneous non-cash adjustments		8,733	
Loss on disposal of capital assets		(46,000)	
Depreciation		(2,296,863)	
Capital asset additions (from the City's capital projects)		1,920,304	
Contributed capital assets		3,151,332	
Total reconciling items		<u>2,737,506</u>	
Change in net position		4,102,428	
Net position, January 1		<u>69,032,162</u>	
Net position, December 31		<u>\$ 73,134,590</u>	

City of Thornton, Colorado

Stormwater Fund Schedule of Revenues, Expenses, and Changes in Net Position Budget and Actual - Non US GAAP Basis For the year ended December 31, 2019

	Budget	Actual	Positive (negative) variance from actual
OPERATING REVENUES			
Charges for services	\$ 3,000,000	\$ 3,001,616	\$ 1,616
Total operating revenues	3,000,000	3,001,616	1,616
OPERATING EXPENSES			
Collection, transmission, and distribution	870,461	875,433	(4,972)
Other operating expenses	25,000	275	24,725
Administration	1,052,948	1,052,948	-
Total operating expenses	1,948,409	1,928,656	19,753
Operating income	1,051,591	1,072,960	21,369
NONOPERATING REVENUES (EXPENSES)			
Interest income	-	21,139	21,139
Capital outlay	(1,382,180)	(195,606)	1,186,574
Total nonoperating expenses	(1,382,180)	(174,467)	1,207,713
Gain (loss) before capital contributions and transfers	(330,589)	898,493	1,229,082
Excess (Deficiency) of revenues over (under) expenditures before reconciling items	\$ (330,589)	898,493	\$ 1,229,082
RECONCILIATION TO US GAAP BASIS			
Miscellaneous non-cash adjustments		(119,744)	
Depreciation		(1,026,217)	
Capital asset additions (from the City's capital projects)		195,606	
Contributed capital assets		8,753,751	
Capital Asset Additions (contributed from governmental activities)		39,130,995	
Total reconciling items		46,934,391	
Change in net position		47,832,884	
Net position, January 1		-	
Net position, December 31		\$ 47,832,884	

City of Thornton, Colorado

Combining Statements and Budgetary Schedules Fund Descriptions Non-Major Enterprise Funds

Enterprise Funds

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the City Council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the City Council has decided that periodic determination of net income is appropriate for accountability purposes.

Sanitation Fund – to account for rubbish removal and recycling services provided to City residents.

City of Thornton, Colorado

Sanitation Fund Schedule of Revenues, Expenses, and Changes in Net Position Budget and Actual - Non US GAAP Basis For the year ended December 31, 2019

	Budget	Actual	Positive (negative) variance from actual
OPERATING REVENUES			
Charges for services	\$ 5,446,118	\$ 5,548,190	\$ 102,072
Miscellaneous revenue	5,000	22,378	17,378
Total operating revenues	<u>5,451,118</u>	<u>5,570,568</u>	<u>119,450</u>
OPERATING EXPENSES			
Trash removal	3,031,508	3,236,592	(205,084)
Other operating expenses	832,036	738,151	93,885
Administration	<u>1,216,944</u>	<u>1,178,012</u>	<u>38,932</u>
Total operating expenses	<u>5,080,488</u>	<u>5,152,755</u>	<u>(72,267)</u>
Operating income	<u>370,630</u>	<u>417,813</u>	<u>47,183</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	70,000	242,394	172,394
Capital outlay	<u>(600,209)</u>	<u>(483,839)</u>	<u>116,370</u>
Total nonoperating expenses	<u>(530,209)</u>	<u>(241,445)</u>	<u>288,764</u>
Income (loss) before transfers	<u>(159,579)</u>	<u>176,368</u>	<u>335,947</u>
Excess (Deficiency) of revenues over (under) expenditures before reconciling items	<u>\$ (159,579)</u>	176,368	<u>\$ 335,947</u>
RECONCILIATION TO US GAAP BASIS			
Miscellaneous non-cash adjustments		(9,493)	
Loss on disposal of capital assets		(352)	
Depreciation		(671,211)	
Capital asset additions		<u>483,839</u>	
Total reconciling items		<u>(197,217)</u>	
Change in net position		(20,849)	
Net position, January 1		<u>10,199,696</u>	
Net position, December 31		<u>\$ 10,178,847</u>	

City of Thornton, Colorado

Combining Statements and Budgetary Schedules Fund Descriptions Internal Service Funds

Internal Service Funds

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City and to other government units, on a cost reimbursement basis.

Risk Management Fund – to account for the costs related to providing the City with a comprehensive program to manage the City's property, liability and work related injury risk, and to manage the City's self-funded dental and vision insurance programs.

Information Technology Fund – to account for computer support and maintenance of all information technology for the City. The City closed the Information Technology Fund on January 1, 2019. Account activity associated with this fund is now reported in the General Fund.

Reprographics Fund – to account for copying, printing and mailing costs for all City departments. The City closed the Reprographics Fund on January 1, 2019. Account activity associated with this fund is now reported in the General Fund.

Maintenance Services Fund – to account for custodial and building maintenance service costs for all City Departments. The City closed the Maintenance Services Fund on January 1, 2019. Account activity associated with this fund is now reported in the General Fund.

City of Thornton, Colorado

**Combining Statement of Net Position
Internal Service Funds
December 31, 2019**

	Internal Service Funds				Internal Service Funds Total
	Risk Management	Information Technology	Reprographics	Maintenance Services	
ASSETS					
Current assets					
Equity in pooled cash and investments - unrestricted	\$ 5,267,666	\$ -	\$ -	\$ -	\$ 5,267,666
Receivables, net					
Accounts	179,142	-	-	-	179,142
Interest and other	19,813	-	-	-	19,813
Total current assets	5,466,621	-	-	-	5,466,621
Total assets	5,466,621	-	-	-	5,466,621
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflow related to OPEB	3,493	-	-	-	3,493
Total deferred outflows of resources	3,493	-	-	-	3,493
LIABILITIES					
Current liabilities					
Accounts payable	187,324	-	-	-	187,324
Compensated absences	7,062	-	-	-	7,062
Outstanding reserves/incurred but not reported claims	2,151,317	-	-	-	2,151,317
Total current liabilities	2,345,703	-	-	-	2,345,703
Long-term liabilities					
Compensated absences, excluding current portion	24,919	-	-	-	24,919
Total OPEB liability	17,789	-	-	-	17,789
Outstanding reserves/incurred but not reported claims	2,727,695	-	-	-	2,727,695
Total long-term liabilities	2,770,403	-	-	-	2,770,403
Total liabilities	5,116,106	-	-	-	5,116,106
DEFERRED INFLOWS OF RESOURCES					
Deferred inflow related to OPEB	1,242	-	-	-	1,242
Total deferred inflows of resources	1,242	-	-	-	1,242
NET POSITION					
Restricted other	100,000	-	-	-	100,000
Unrestricted	252,766	-	-	-	252,766
Total net position	\$ 352,766	\$ -	\$ -	\$ -	\$ 352,766

City of Thornton, Colorado

**Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the year ended December 31, 2019**

	Internal Service Funds				
	Risk Management	Information Technology	Reprographics	Maintenance Services	Internal Service Funds Total
OPERATING REVENUES					
Interfund services	\$ 6,335,457	\$ -	\$ -	\$ -	\$ 6,335,457
Total operating revenues	6,335,457	-	-	-	6,335,457
OPERATING EXPENSES					
Insurance and related expenses	930,450	-	-	-	930,450
Claims and reserves for claims	4,907,309	-	-	-	4,907,309
Administration	658,281	-	-	-	658,281
Total operating expenses	6,496,040	-	-	-	6,496,040
Operating loss	(160,583)	-	-	-	(160,583)
NONOPERATING REVENUES					
Interest income	177,291	-	-	-	177,291
Miscellaneous, net	20,000	-	-	-	20,000
Total nonoperating revenues	197,291	-	-	-	197,291
Income before transfers	36,708	-	-	-	36,708
Transfer out	-	(1,109,281)	(61,192)	(1,332,244)	(2,502,717)
Change in net position	36,708	(1,109,281)	(61,192)	(1,332,244)	(2,466,009)
Net position, January 1	316,058	1,109,281	61,192	1,332,244	2,818,775
Net position, December 31	\$ 352,766	\$ -	\$ -	\$ -	\$ 352,766

City of Thornton, Colorado

**Combining Statement of Cash Flows
Internal Service Funds
For the year ended December 31, 2019**

	Internal Service Funds				
	Risk Management	Information Technology	Reprographics	Maintenance Services	Internal Service Funds Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from interfund services	\$ 6,353,757	\$ -	\$ -	\$ -	\$ 6,353,757
Payments to suppliers	(5,447,456)	-	-	-	(5,447,456)
Payments to employees	(598,917)	-	-	-	(598,917)
Net cash provided by operating activities	307,384	-	-	-	307,384
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfer to other funds	-	(358,374)	(26,536)	(504,434)	(889,344)
Net cash used in noncapital financing activities	-	(358,374)	(26,536)	(504,434)	(889,344)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of investments	3,964,877	-	-	-	3,964,877
Purchases of investments	(4,631,419)	-	-	-	(4,631,419)
Interest on investments	171,478	-	-	-	171,478
Net cash used in investing activities	(495,064)	-	-	-	(495,064)
Net decrease in cash and cash equivalents	(187,680)	(358,374)	(26,536)	(504,434)	(1,077,024)
Cash and cash equivalents, Jan. 1	1,553,045	358,374	26,536	504,434	2,442,389
Cash and cash equivalents, Dec. 31	\$ 1,365,365	\$ -	\$ -	\$ -	\$ 1,365,365
Cash and cash equivalents	\$ 1,365,365	\$ -	\$ -	\$ -	\$ 1,365,365
Investments	3,902,301	-	-	-	3,902,301
Total cash and investments	\$ 5,267,666	\$ -	\$ -	\$ -	\$ 5,267,666
Equity in pooled cash and investments	\$ 5,267,666	\$ -	\$ -	\$ -	\$ 5,267,666
Restricted cash and investments	-	-	-	-	-
Total cash and investments	\$ 5,267,666	\$ -	\$ -	\$ -	\$ 5,267,666

	Internal Service Funds				
	Risk Management	Information Technology	Reprographics	Maintenance Services	Internal Service Funds Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Operating loss	\$ (160,583)	\$ -	\$ -	\$ -	\$ (160,583)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:					
Miscellaneous receipts	20,000	-	-	-	20,000
Change in assets and liabilities:					
Increase in accounts receivable, net	(1,700)	-	-	-	(1,700)
Decrease in deferred outflows of resources OPEB Related	1,173	-	-	-	1,173
Decrease in accounts payable	(14,015)	-	-	-	(14,015)
Increase in other liabilities	461,823	-	-	-	461,823
Increase in OPEB	172	-	-	-	172
Increase in deferred inflows of resources OPEB Related	514	-	-	-	514
Net cash provided by operating activities	<u>\$ 307,384</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 307,384</u>

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

Investing Activities

Increase in the fair value of investments	\$ 55,409	\$ -	\$ -	\$ -	\$ 55,409
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City of Thornton, Colorado

Risk Management Fund Schedule of Revenues, Expenses, and Changes in Net Position Budget and Actual - Non US GAAP Basis For the year ended December 31, 2019

	Budget	Actual	Positive (negative) variance from actual
OPERATING REVENUES			
Interfund services	\$ 6,351,555	\$ 6,335,457	\$ (16,098)
Total operating revenues	6,351,555	6,335,457	(16,098)
OPERATING EXPENSES			
Insurance and related expenses	1,066,160	930,450	135,710
Claims and reserves for claims	4,524,761	4,524,761	-
Administration	638,212	655,035	(16,823)
Total operating expenses	6,229,133	6,110,246	118,887
Operating income	122,422	225,211	102,789
NONOPERATING REVENUES			
Interest income	-	177,291	177,291
Miscellaneous revenue	-	20,000	20,000
Total nonoperating revenues	-	197,291	197,291
Excess of revenues over expenditures before reconciling items	\$ 122,422	422,502	\$ 300,080
RECONCILIATION TO US GAAP BASIS			
Incurred but not reported adjustment - property casualty		(705,060)	
Incurred but not reported adjustment - worker's compensation		296,960	
Incurred but not reported adjustment - dental		18,619	
Incurred but not reported adjustment - vision		8,792	
OPEB liability adjustment		(1,859)	
Miscellaneous non-cash adjustments		(3,246)	
Total reconciling items		(385,794)	
Change in net position		36,708	
Net position, January 1,		316,058	
Net position, December 31		\$ 352,766	

OTHER SCHEDULES

City of Thornton, Colorado
Schedule of Investments
December 31, 2019

Description	Coupon Rate	Maturity Date	Original Cost	Fair Value	Par Value
Federal Farm Credit	2.800%	03/30/20	\$ 9,994,800	\$ 10,023,863	\$ 10,000,000
	2.750%	05/26/20	4,995,250	5,024,376	5,000,000
	1.500%	08/24/20	4,997,050	4,998,680	5,000,000
	1.350%	09/21/20	4,998,750	4,993,289	5,000,000
	1.750%	10/25/20	5,000,000	5,004,323	5,000,000
	1.650%	12/01/20	5,000,000	5,004,889	5,000,000
	1.580%	02/17/21	5,000,000	4,990,833	5,000,000
	1.620%	04/20/21	7,000,000	6,992,969	7,000,000
	1.850%	03/03/22	2,500,000	2,492,176	2,500,000
	2.000%	06/28/23	5,000,000	5,000,866	5,000,000
	2.220%	06/21/24	3,000,000	3,005,694	3,000,000
	2.000%	09/03/24	2,500,000	2,491,370	2,500,000
	1.920%	10/15/24	5,000,000	4,965,488	5,000,000
Federal Home Loan Bank	2.000%	05/28/21	4,996,250	5,025,760	5,000,000
	1.130%	07/14/21	4,974,600	4,962,647	5,000,000
	3.000%	12/10/21	2,025,400	2,052,529	2,000,000
	2.625%	12/10/21	2,651,659	2,694,154	2,645,000
	2.000%	09/09/22	4,999,968	5,054,587	5,000,000
	2.000%	12/11/24	4,998,000	5,001,840	5,000,000
	1.940%	12/16/24	5,000,000	5,001,137	5,000,000
Federal Home Loan Mortgage Corp.	1.500%	05/07/21	5,000,000	4,982,129	5,000,000
	2.070%	09/28/21	5,000,000	5,039,928	5,000,000
	3.000%	08/10/22	5,000,000	5,033,514	5,000,000
	2.050%	08/26/22	5,000,000	5,001,726	5,000,000
	2.000%	09/12/22	5,000,000	4,996,718	5,000,000
	2.750%	04/30/24	5,000,000	5,012,612	5,000,000
	2.350%	06/25/24	2,000,000	2,000,728	2,000,000
	2.200%	09/13/24	5,000,000	5,002,133	5,000,000
	2.000%	11/18/24	4,997,500	5,000,431	5,000,000
	2.030%	12/16/24	5,000,000	5,000,470	5,000,000
	2.070%	12/30/24	5,000,000	4,997,994	5,000,000
Federal National Mortgage Assoc.	1.150%	01/28/20	5,000,000	4,998,330	5,000,000
	1.400%	07/27/20	5,000,000	4,998,985	5,000,000
	1.200%	07/28/20	6,996,500	6,982,347	7,000,000
	1.500%	08/10/21	5,000,000	4,987,228	5,000,000
	1.550%	09/30/21	5,000,000	4,992,373	5,000,000
	1.380%	10/07/21	4,947,050	4,981,007	5,000,000
	1.500%	10/27/21	5,000,000	4,981,856	5,000,000
	2.000%	10/05/22	4,996,335	5,053,770	5,000,000
	2.125%	09/12/23	5,000,000	4,990,232	5,000,000

Description	Coupon Rate	Maturity Date	Original Cost	Fair Value	Par Value
U. S Treasury	1.880%	06/30/20	4,984,375	5,006,055	5,000,000
	1.750%	11/15/20	4,985,650	5,005,664	5,000,000
	1.630%	11/30/20	4,982,813	4,998,828	5,000,000
	2.375%	03/15/21	5,004,102	5,043,555	5,000,000
	1.880%	11/30/21	9,951,633	10,058,203	10,000,000
	1.875%	02/28/22	2,964,727	3,018,398	3,000,000
	1.750%	09/30/22	4,950,781	5,020,117	5,000,000
Corp Coupon	1.850%	02/12/20	5,020,300	5,000,037	5,000,000
	1.850%	02/12/20	1,405,516	1,400,014	1,400,000
	1.850%	02/12/20	2,248,826	2,240,022	2,240,000
	1.900%	12/15/20	8,010,880	8,010,920	8,000,000
	2.500%	01/12/21	7,342,650	7,545,675	7,500,000
	2.850%	05/06/21	4,960,900	5,077,131	5,000,000
	2.638%	07/01/21	984,337	983,134	970,000
	2.500%	10/01/21	1,216,656	1,210,068	1,200,000
	2.600%	01/11/22	6,958,680	7,105,873	7,000,000
	3.400%	01/31/22	3,078,402	3,107,530	3,000,000
	2.498%	03/03/22	4,977,000	5,083,763	5,000,000
	2.650%	05/23/22	2,030,280	2,037,453	2,000,000
	2.150%	09/08/22	5,060,045	5,038,932	5,000,000
	2.150%	09/15/22	492,585	505,691	500,000
	2.250%	11/15/22	1,984,700	2,027,822	2,000,000
	2.400%	05/03/23	4,943,300	5,085,318	5,000,000
	3.400%	06/26/23	5,266,075	5,257,494	5,000,000
Certificate of Deposit	1.900%	03/30/21	250,000	250,134	250,000
	2.750%	08/04/21	240,000	243,988	240,000
	2.850%	02/07/22	240,000	245,567	240,000
	2.650%	04/04/22	240,000	244,819	240,000
	1.800%	12/13/22	250,000	249,847	250,000
	2.850%	02/07/23	240,000	248,089	240,000
	1.850%	03/27/23	250,000	250,155	250,000
	3.150%	02/06/24	240,000	252,267	240,000
	3.100%	02/07/24	240,000	251,800	240,000
	3.100%	02/07/24	240,000	251,800	240,000
	3.100%	02/13/24	240,000	249,731	240,000
	2.800%	04/15/24	240,000	249,186	240,000
	2.650%	05/22/24	240,000	247,737	240,000
	2.650%	05/22/24	240,000	247,736	240,000
Overnight Funds			69,365,666	69,365,666	69,365,666
			<u>\$ 370,129,991</u>	<u>\$ 371,532,200</u>	<u>\$ 370,210,666</u>

The public report burden for this information collection is estimated to average 380 hours annually.

LOCAL HIGHWAY FINANCE REPORT		City or County: City of Thornton, Colorado	
		YEAR ENDING : December 2019	
This Information From The Records Of: City of Thornton, Colorado		Prepared By: Krista Hoover, Accountant Phone: 303-538-7362	
I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE			
ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway- User Taxes
1. Total receipts available			
2. Minus amount used for collection expenses			
3. Minus amount used for nonhighway purposes			
4. Minus amount used for mass transit			
5. Remainder used for highway purposes			
II. RECEIPTS FOR ROAD AND STREET PURPOSES		III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES	
ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	28,134,303
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	3,517,980
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	1,833,089
2. General fund appropriations	0	b. Snow and ice removal	750,605
3. Other local imposts (from page 2)	33,400,179	c. Other	2,244,386
4. Miscellaneous local receipts (from page 2)	6,052,164	d. Total (a. through c.)	4,828,080
5. Transfers from toll facilities	0	4. General administration & miscellaneous	494,310
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	8,343,734
a. Bonds - Original Issues	0	6. Total (1 through 5)	45,318,407
b. Bonds - Refunding Issues	0	B. Debt service on local obligations:	
c. Notes	0	1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	129,673
7. Total (1 through 6)	39,452,343	b. Redemption	769,626
B. Private Contributions	404,074	c. Total (a. + b.)	899,299
C. Receipts from State government		2. Notes:	
(from page 2)	5,913,851	a. Interest	0
D. Receipts from Federal Government		b. Redemption	0
(from page 2)	447,438	c. Total (a. + b.)	0
E. Total receipts (A.7 + B + C + D)	46,217,706	3. Total (1.c + 2.c)	899,299
		C. Payments to State for highways	0
		D. Payments to toll facilities	0
		E. Total disbursements (A.6 + B.3 + C + D)	46,217,706
IV. LOCAL HIGHWAY DEBT STATUS (Show all entries at par)			
	Opening Debt	Amount Issued	Closing Debt
A. Bonds (Total)	3,235,109	0	2,465,483
1. Bonds (Refunding Portion)	0	0	0
B. Notes (Total)	0	0	0
V. LOCAL ROAD AND STREET FUND BALANCE			
A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance
0	46,217,706	46,217,706	0
Notes and Comments:			

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado YEAR ENDING: December 2019	
II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	20,276,776	a. Interest on investments	231,997
b. Other local imposts:		b. Traffic Fines & Penalties	1,888,403
1. Sales Taxes	7,533,322	c. Parking Garage Fees	0
2. Infrastructure & Impact Fees	0	d. Parking Meter Fees	0
3. Liens	0	e. Sale of Surplus Property	0
4. Licenses	0	f. Charges for Services	0
5. Specific Ownership &/or Other	5,590,081	g. Other Misc. Receipts	0
6. Total (1. through 5.)	13,123,403	h. Other	3,931,764
c. Total (a. + b.)	33,400,179	i. Total (a. through h.)	6,052,164
	(Carry forward to page 1)		(Carry forward to page 1)
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	5,014,216	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	0
a. State bond proceeds		b. FEMA	0
b. Project Match		c. HUD	0
c. Motor Vehicle Registrations	461,763	d. Federal Transit Admin	0
d. Other (Specify) - DOLA Grant	0	e. U.S. Corps of Engineers	0
e. Other (Specify)	437,872	f. Other Federal	447,438
f. Total (a. through e.)	899,635	g. Total (a. through f.)	447,438
4. Total (1. + 2. + 3.f)	5,913,851	3. Total (1. + 2.g)	
			(Carry forward to page 1)
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs	0	127,966	127,966
b. Engineering Costs	0	1,543,702	1,543,702
c. Construction:			
(1). New Facilities	0	9,486,377	9,486,377
(2). Capacity Improvements	0	10,828,123	10,828,123
(3). System Preservation	0	5,565,517	5,565,517
(4). System Enhancement & Operation	0	582,618	582,618
(5). Total Construction (1)+(2)+(3)+(4)	0	26,462,635	26,462,635
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	28,134,303	28,134,303
			(Carry forward to page 1)
Notes and Comments:			

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STATISTICAL SECTION

This part of the City of Thornton's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents	Page
Financial Trends	117
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	122
These schedules contain information to help the reader assess the government's most significant local revenue source, the sales tax.	
Debt Capacity	126
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
Demographic and Economic Information	132
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
Schedule of Principal Employers	133
The number of employees per business is confidential therefore the City is providing employee totals by sector.	
Operating Information	134
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

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**City of Thornton
Schedule 1
Net Position by Component
(accrual basis of accounting)**

		Fiscal Year									
		2010	2011	2012-restated	2013	2014-restated	2015	2016	2017-restated	2018	2019
Governmental activities											
Net investment in capital assets	\$	281,917,836	\$ 277,075,485	\$ 277,932,039	\$ 271,137,481	\$ 268,904,561	\$ 247,691,323	\$ 259,179,659	\$ 289,933,156	\$ 297,988,545	\$ 288,245,136
Restricted		5,028,764	5,064,308	5,098,730	5,360,319	5,528,730	8,062,689	8,241,309	40,196,389	70,807,361	37,653,387
Unrestricted		94,786,038	97,068,106	82,907,335	85,077,988	89,976,356	123,804,451	125,530,515	80,883,896	74,950,117	109,771,204
Total governmental activities net position	\$	381,732,638	\$ 379,207,899	\$ 365,938,104	\$ 361,575,788	\$ 364,409,647	\$ 379,558,463	\$ 392,951,483	\$ 411,013,441	\$ 443,746,023	\$ 435,669,727
Business-type activities											
Net investment in capital assets	\$	476,417,765	\$ 489,517,504	\$ 497,107,782	\$ 508,956,512	\$ 532,249,683	\$ 543,600,154	\$ 560,279,776	\$ 579,737,175	\$ 611,217,991	\$ 713,190,231
Restricted		4,130,833	4,141,250	15,431,413	6,480,661	5,665,074	2,976,894	2,980,644	3,097,447	-	-
Unrestricted		83,943,415	86,064,926	97,444,702	104,008,361	98,346,597	113,397,141	139,927,331	166,787,828	190,174,759	189,266,660
Total business-type activities net position	\$	564,492,013	\$ 579,723,680	\$ 609,983,897	\$ 619,445,534	\$ 636,261,354	\$ 659,974,189	\$ 703,187,751	\$ 749,622,450	\$ 801,392,750	\$ 902,456,891
Primary government											
Net investment in capital assets	\$	758,335,601	\$ 766,592,989	\$ 775,039,821	\$ 780,093,993	\$ 801,154,244	\$ 791,291,477	\$ 819,459,435	\$ 869,670,331	\$ 909,206,536	\$ 1,001,435,367
Restricted		9,159,597	9,205,558	20,530,143	11,840,980	11,193,804	11,039,583	11,221,953	43,293,836	70,807,361	37,653,387
Unrestricted		178,729,453	183,133,032	180,352,037	189,086,349	188,322,953	237,201,592	265,457,846	247,671,724	265,124,876	299,037,864
Total primary government net position	\$	946,224,651	\$ 958,931,579	\$ 975,922,001	\$ 981,021,322	\$ 1,000,671,001	\$ 1,039,532,652	\$ 1,096,139,234	\$ 1,160,635,891	\$ 1,245,138,773	\$ 1,338,126,618

Source: Current and prior year's financial statements.

City of Thornton
Schedule 2
Changes in Net Position
(accrual basis of accounting)

Expenses	2010	2011	2012-restated	2013	2014-restated	2015	2016	2017-restated	2018	2019
Governmental activities:										
General government	\$ 17,616,971	\$ 19,275,165	\$ 31,840,827	\$ 20,193,979	\$ 17,112,300	\$ 18,362,528	\$ 21,317,628	\$ 21,298,512	\$ 20,132,128	\$ 36,684,800
Police	25,286,720	25,877,812	26,295,237	28,044,137	29,873,901	30,700,874	32,573,830	39,488,938	41,095,050	37,984,510
Fire	11,353,650	11,960,138	12,188,210	12,758,169	16,496,326	14,323,859	18,718,470	19,276,932	17,169,938	19,329,627
City development	10,052,292	12,261,174	13,467,929	14,459,695	15,709,881	15,937,319	16,511,773	18,300,626	17,541,537	16,307,495
Streets, traffic & eng.	30,775,017	28,491,153	26,533,674	36,991,096	29,021,305	33,558,931	33,737,170	33,728,799	32,562,600	41,806,524
Community services	19,440,054	21,346,877	22,473,148	22,066,524	26,714,095	27,788,576	26,938,495	32,799,109	33,151,759	30,208,698
Interest of long-term debt	4,310,715	2,863,483	3,596,370	2,643,404	2,686,272	2,756,646	2,706,046	2,442,527	2,515,628	4,654,459
Total government activities expenses	118,835,419	122,075,802	136,395,395	137,157,004	137,614,080	143,428,733	152,503,412	167,335,443	164,168,640	186,976,113
Business-type activities										
Water	30,620,839	31,980,077	32,611,461	32,722,025	33,600,763	35,912,922	34,885,132	36,467,628	38,867,160	44,118,390
Sewer	11,177,035	11,960,169	12,132,240	12,254,003	13,380,812	13,721,652	15,011,361	14,206,094	21,447,839	16,670,678
Sanitation	4,692,145	4,685,426	6,067,844	4,454,606	4,525,051	4,801,905	4,729,623	5,120,014	5,199,016	5,833,459
Golf	-	-	-	1,227,092	1,653,285	-	-	-	-	-
Stormwater	-	-	-	-	-	-	-	-	-	3,074,617
Total business-type activities expenses	46,490,019	48,625,672	50,811,545	50,657,726	53,159,911	54,436,479	54,626,116	55,793,736	65,514,015	69,697,144
Total primary government expenses	\$ 165,325,438	\$ 170,701,474	\$ 187,206,940	\$ 187,814,730	\$ 190,773,991	\$ 197,865,212	\$ 207,129,528	\$ 223,129,179	\$ 229,682,655	\$ 256,673,257
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 6,009,873	\$ 6,337,953	\$ 6,143,674	\$ 4,624,849	\$ 4,188,565	\$ 4,923,991	\$ 4,879,909	\$ 4,730,914	\$ 4,952,737	\$ 9,396,628
Police	2,922,506	3,021,716	3,014,682	2,699,807	2,538,093	1,964,945	1,284,687	1,717,764	2,346,799	2,357,553
Fire	2,108,174	2,127,107	1,753,060	1,617,997	1,693,145	1,887,235	2,350,600	2,622,926	2,530,075	3,271,005
City Development	1,608,848	1,769,755	2,172,200	2,607,403	3,339,238	4,061,961	4,899,797	7,540,989	6,586,129	6,456,272
Community Services	2,697,686	2,545,724	2,769,660	2,887,552	2,977,761	4,634,472	4,618,949	3,038,920	3,917,705	5,323,552
Operating grants/contrib.	4,662,823	4,989,148	5,572,187	5,704,876	6,461,838	5,958,882	5,941,237	6,322,021	8,068,103	9,442,526
Capital grants/contrib.	12,721,678	10,080,966	7,899,630	12,577,779	11,965,768	16,368,314	20,359,352	27,183,807	25,890,689	32,388,427
Total government activities program revenues	32,731,588	30,872,369	29,325,093	32,720,263	33,164,408	39,799,800	44,334,531	53,157,341	54,292,237	68,635,963
Business-type activities:										
Charges for services:										
Water	30,901,291	30,315,557	33,188,946	28,765,602	29,003,515	34,348,429	42,610,157	45,776,729	47,875,449	47,009,075
Sewer	10,412,362	11,161,882	11,725,967	12,645,386	13,105,689	14,191,006	14,388,579	15,128,165	15,092,464	15,466,882
Sanitation	4,723,152	4,738,448	4,848,664	4,900,812	4,888,248	5,024,225	5,109,703	5,292,541	5,416,199	5,548,190
Golf	-	-	1,130,711	1,282,893	1,368,959	-	-	-	-	-
Stormwater	-	-	-	-	-	-	-	-	-	3,001,616
Capital grants/contrib.	12,963,221	6,788,327	15,501,147	9,205,225	10,855,812	15,915,139	29,850,742	30,493,138	35,361,778	43,034,895

	2010	2011	2012-restated	2013	2014-restated	2015	2016	2017-restated	2018	2019
Total business-type activities program revenues	59,000,026	53,004,214	66,395,435	56,799,918	59,222,223	69,478,799	91,959,181	96,690,573	103,745,890	114,060,658
Total primary government program revenues	\$ 91,731,614	\$ 83,876,583	\$ 95,720,528	\$ 89,520,181	\$ 92,386,631	\$ 109,278,599	\$ 136,293,712	\$ 149,847,914	\$ 158,038,127	\$ 182,696,621
Net (expense)/revenue										
Governmental activities	\$ (86,103,831)	\$ (91,203,433)	\$ (107,070,302)	\$ (104,436,741)	\$ (104,449,672)	\$ (103,628,933)	\$ (108,168,881)	\$ (114,178,102)	\$ (109,876,403)	\$ (118,340,150)
Business-type activities	12,510,007	4,378,542	15,583,890	6,142,192	6,062,312	15,042,320	37,333,065	40,896,837	38,231,875	44,363,514
Total primary government net expense	\$ (73,593,824)	\$ (86,824,891)	\$ (91,486,412)	\$ (98,294,549)	\$ (98,387,360)	\$ (88,586,613)	\$ (70,835,816)	\$ (73,281,265)	\$ (71,644,528)	\$ (73,976,636)
General Revenues and Other										
Changes in Assets										
Governmental activities										
Taxes										
Sales and use taxes	\$ 65,001,120	\$ 67,476,006	\$ 73,606,406	\$ 78,188,772	\$ 84,024,928	\$ 91,975,491	\$ 96,446,874	\$ 104,489,333	\$ 110,306,247	\$ 110,473,089
Property taxes	11,853,225	11,778,013	11,719,559	11,858,574	12,046,479	12,571,291	14,503,019	14,798,204	17,448,489	20,335,200
Other taxes	7,224,095	7,247,598	7,505,706	8,157,151	8,693,260	8,612,126	8,873,989	9,547,866	10,050,848	10,249,895
Earnings on investments	1,074,775	904,954	963,440	206,456	960,404	1,513,417	56,183	1,748,964	3,195,518	6,391,532
Gain on sale of assets	-	42,245	24,402	-	206,932	152,381	188,110	148,555	-	31,958
Miscellaneous	1,265,257	1,229,878	1,871,200	1,663,472	1,762,781	2,186,632	1,493,726	1,507,138	1,607,883	1,913,175
Transfers	-	-	(1,890,206)	-	(411,253)	1,766,411	-	-	-	(39,130,995)
Total governmental activities	86,418,472	88,678,694	93,800,507	100,074,425	107,283,531	118,777,749	121,561,901	132,240,060	142,608,985	110,263,854
Business-type activities										
Investment earnings	1,447,609	892,446	1,198,760	553,078	2,012,676	1,553,374	948,963	1,537,970	2,981,846	6,384,386
Gain on sale of assets	-	7,307	28,964	16,259	942,423	5,038,541	722,012	221,759	202,890	2,430,704
Miscellaneous	162,187	9,318,089	11,558,397	2,750,108	7,387,156	3,845,011	4,209,522	3,778,133	10,353,689	8,754,542
Transfers	-	-	1,890,206	-	411,253	(1,766,411)	-	-	-	39,130,995
Total business-type activities	1,609,796	10,217,842	14,676,327	3,319,445	10,753,508	8,670,515	5,880,497	5,537,862	13,538,425	56,700,627
Total primary government	\$ 88,028,268	\$ 98,896,536	\$ 108,476,834	\$ 103,393,870	\$ 118,037,039	\$ 127,448,264	\$ 127,442,398	\$ 137,777,922	\$ 156,147,410	\$ 166,964,481
Change in Net Position										
Governmental activities	\$ 314,641	\$ (2,524,739)	\$ (13,269,795)	\$ (4,362,316)	\$ 2,833,859	\$ 15,148,816	\$ 13,393,020	\$ 18,061,958	\$ 32,732,582	\$ (8,076,296)
Business-type activities	14,119,803	14,596,384	30,260,217	9,461,637	16,815,820	23,712,835	43,213,562	46,434,699	51,770,300	101,064,141
Total primary government	\$ 14,434,444	\$ 12,071,645	\$ 16,990,422	\$ 5,099,321	\$ 19,649,679	\$ 38,861,651	\$ 56,606,582	\$ 64,496,657	\$ 84,502,882	\$ 92,987,845

Note: In the 2014 original presentation, loss on land held for resale was netted in General Government expenditures, with the 2016 presentation it is netted in investment earnings.

Source: Current and prior year's financial statements.

City of Thornton
Schedule 3
Fund Balances of Governmental Funds
(modified accrual basis accounting)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Nonspendable	\$ 74,270	\$ 161,867	\$ 219,622	\$ 276,656	\$ 256,407	\$ 224,102	\$ 252,741	\$ 247,410	\$ 130,616	\$ 114,577
Restricted	3,598,873	3,779,906	3,866,729	4,241,641	4,472,701	4,926,372	5,170,463	5,384,063	5,892,808	6,295,661
Committed	365,692	15,566,436	15,939,956	16,760,292	18,196,555	19,138,386	20,990,233	22,028,000	23,127,000	25,138,000
Assigned	291,480	-	-	-	-	-	-	-	-	-
Unassigned	24,767,643	7,935,397	7,467,599	11,628,514	10,190,182	519,210	922,130	9,613,998	10,128,234	19,744,899
Total general fund	<u>\$ 29,097,958</u>	<u>\$ 27,443,606</u>	<u>\$ 27,493,906</u>	<u>\$ 32,907,103</u>	<u>\$ 33,115,845</u>	<u>\$ 24,808,070</u>	<u>\$ 27,335,567</u>	<u>\$ 37,273,471</u>	<u>\$ 39,278,658</u>	<u>\$ 51,293,137</u>
All other governmental funds										
Nonspendable	\$ 12,137,961	\$ 22,711,120	\$ 23,667,937	\$ 15,951,159	\$ 15,220,076	\$ 1,985,873	\$ -	\$ -	\$ -	\$ -
Restricted	5,942,335	4,723,410	3,356,873	1,742,501	1,644,923	3,759,428	39,383,427	34,812,326	68,483,103	40,138,102
Committed	-	2,417,785	1,255,801	1,137,543	1,137,043	1,000,000	2,659	-	-	-
Assigned	56,522,946	48,856,038	52,110,630	68,087,596	78,963,732	110,090,600	79,603,850	64,976,510	74,674,244	58,271,816
Unassigned	-	-	(16,702,735)	(25,188,697)	(25,330,792)	-	-	-	-	-
Total all other governmental funds	<u>\$ 74,603,242</u>	<u>\$ 78,708,353</u>	<u>\$ 63,688,506</u>	<u>\$ 61,730,102</u>	<u>\$ 71,634,982</u>	<u>\$ 116,835,901</u>	<u>\$ 118,989,936</u>	<u>\$ 99,788,836</u>	<u>\$ 143,157,347</u>	<u>\$ 98,409,918</u>

Source: Current and prior year's financial statements.

City of Thornton
Schedule 4
Changes in Fund Balances of Governmental Funds
(modified accrual basis of accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Taxes	\$ 84,078,440	\$ 86,501,617	\$ 92,831,671	\$ 98,204,497	\$ 104,764,667	\$ 113,158,908	\$ 119,823,882	\$ 128,835,403	\$ 137,805,584	\$ 141,058,184
Licenses and permits	1,518,201	1,703,236	2,139,568	2,602,394	3,316,530	4,031,530	4,959,615	7,623,869	6,600,980	6,478,463
Intergovernmental	10,877,954	10,986,448	11,079,512	12,931,228	13,628,297	13,782,495	14,704,196	14,829,335	17,671,923	17,990,353
Governmental grants	5,337,732	3,826,164	2,285,517	5,348,856	3,456,132	5,120,376	4,653,577	4,296,608	5,184,780	3,905,434
Charges for services	10,592,215	10,867,399	10,504,227	8,952,084	8,652,264	11,224,156	11,295,406	9,690,537	10,733,941	17,452,032
Fines and forfeitures	2,878,298	2,921,491	2,915,446	2,597,693	2,452,610	1,833,930	1,249,962	1,662,594	2,198,926	2,230,512
Lease	98,914	99,004	98,787	207,581	207,213	207,710	207,792	207,648	175,551	175,701
Investment earnings	1,074,775	904,954	963,440	206,456	960,404	1,513,417	56,183	1,748,964	3,195,518	6,391,532
Miscellaneous	1,032,564	1,031,616	1,279,366	1,077,349	1,090,416	1,220,633	874,594	1,380,925	2,438,256	1,488,837
Total revenues	117,489,093	118,841,929	124,097,534	132,128,138	138,528,533	152,093,155	157,825,207	170,275,883	186,005,459	197,171,048
Expenditures										
General government	15,866,341	15,975,991	29,176,040	17,735,112	14,231,242	16,347,304	17,574,494	19,108,028	19,130,535	32,344,427
Police	23,351,480	24,040,493	24,537,205	26,345,134	27,567,650	28,867,622	30,733,098	36,305,515	39,539,105	37,937,011
Fire and Ambulance	10,779,604	11,363,156	11,572,631	12,195,742	13,070,907	13,630,141	15,123,637	17,693,181	19,272,739	19,750,199
City development	6,695,016	6,712,679	6,652,180	7,010,772	7,836,797	8,289,288	8,456,322	9,265,248	10,391,186	9,347,955
Streets, traffic and engineering	10,280,489	10,156,803	10,838,187	11,105,807	11,738,019	12,713,416	12,730,210	13,524,537	14,343,779	15,122,054
Community services	14,501,194	14,916,314	15,649,418	16,521,970	17,730,163	20,628,287	21,378,664	20,553,513	23,460,086	22,017,406
Capital outlay	24,319,275	24,658,593	30,931,273	30,090,513	29,792,607	36,650,789	38,277,166	54,287,245	75,174,464	83,093,427
Debt service										
Principal retirement	5,675,000	5,810,000	6,200,000	4,985,000	5,160,000	4,580,000	6,210,000	6,410,000	6,098,539	6,224,347
Interest	3,652,206	2,746,415	2,527,873	2,681,595	2,690,626	2,462,975	2,883,894	2,643,547	2,373,332	5,281,123
Bond fees	4,900	5,292	4,544	1,700	3,571	244,061	6,850	4,196	6,755	8,809
Bond issuance costs	165,801	5,434	-	-	-	168,985	-	-	541,368	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Total Expenditures	115,291,306	116,391,170	138,089,351	128,673,345	129,821,582	144,582,868	153,374,335	179,795,010	210,331,888	231,126,758
Excess (deficiency) of revenues over (under) expenditures	2,197,787	2,450,759	(13,991,817)	3,454,793	8,706,951	7,510,287	4,450,872	(9,519,127)	(24,326,429)	(33,955,710)
Other financing sources (uses)										
Transfers in	4,995,191	8,966,617	3,647,024	3,532,854	10,043,738	14,482,662	5,672,765	9,298,637	9,287,257	7,347,294
Transfers out	(4,995,191)	(8,966,617)	(4,624,754)	(3,532,854)	(8,932,377)	(14,259,537)	(5,672,765)	(9,298,637)	(9,341,044)	(6,313,547)
Bonds issued	13,220,757	-	-	-	-	41,480,000	-	-	69,536,852	-
Premium on bonds issued	-	-	-	-	-	3,187,135	-	-	-	-
Pymnts to underwriter on bonds issued	(13,365,636)	-	-	-	-	(15,805,000)	-	-	-	-
Sales of capital assets	612,672	-	-	-	295,310	297,597	230,660	255,931	217,062	189,013
Total other financing sources (uses)	467,793	-	(977,730)	-	1,406,671	29,382,857	230,660	255,931	69,700,127	1,222,760
Net change in fund balances	\$ 2,665,580	\$ 2,450,759	\$ (14,969,547)	\$ 3,454,793	\$ 10,113,622	\$ 36,893,144	\$ 4,681,532	\$ (9,263,196)	\$ 45,373,698	\$ (32,732,950)
Debt service as a percentage of noncapital expenditures	8.9%	7.9%	7.1%	6.2%	6.6%	5.5%	6.6%	6.0%	5.4%	6.6%

Note: In the 2014 original presentation, loss on land held for resale was netted in General Government expenditures, with the 2016 presentation it is netted in investment earnings.

Source: Current and prior year's financial statements.

City of Thornton
Schedule 5
General Government Tax and Assessment Revenues by Source¹

Fiscal Year	Sales tax	Motel tax	Use tax	Property tax	Specific ownership tax	Franchise tax	Cigarette tax	Total
2010	\$ 46,180,135	\$ 376,764	\$ 10,687,720	\$ 9,042,583	\$ 621,315	\$ 4,903,292	\$ 209,225	\$ 72,021,034
2011	47,529,083	442,503	10,910,856	9,139,134	608,036	4,893,344	209,615	73,732,571
2012	51,074,263	662,007	12,897,094	8,986,074	643,241	4,818,327	192,567	79,273,573
2013	53,221,042	839,638	13,311,291	9,045,633	697,464	5,258,367	216,756	82,590,191
2014	56,379,978	1,058,019	15,782,478	9,137,579	753,402	5,521,208	201,573	88,834,237
2015	60,194,735	1,124,700	19,200,063	9,233,929	836,278	5,308,812	198,949	96,097,466
2016	61,544,769	1,179,445	20,895,946	10,681,366	925,272	5,387,163	199,494	100,813,455
2017	62,613,775	1,260,891	26,085,453	10,826,288	1,093,409	5,809,945	193,693	107,883,454
2018	68,650,875	1,320,551	29,049,758	13,124,438	1,194,177	6,117,914	185,622	119,643,335
2019	79,272,131	1,457,730	23,178,068	13,575,713	1,177,076	6,195,392	181,998	125,038,108

¹ Revenues from the General, Parks, Open Space, Parks and Open Space, Governmental Capital, TDA North and TDA 144th Capital Funds (excluding revenue pledged for debt service on the Series 2015 and Series 2015B Tax Increment Bonds).

Source: City of Thornton Finance Department

City of Thornton
Schedule 6
Sales Tax Revenue by Type of Industry

Fiscal Year	General Merchandise	Grocery	Electric & Natural Gas	Automotive	Construction	Furniture & Electronics	Restaurants Liquor & Food Service	Telecomm. & Cable Utility	All Other	Total Sales Tax	Total Direct Tax^{1, 2} Rate
2010	\$ 14,613,519	\$ 6,498,262	\$ 3,332,209	\$ 2,768,223	\$ 2,244,808	\$ 3,199,055	\$ 6,318,732	\$ 4,307,354	\$ 1,293,039	\$ 44,575,201	3.75
2011	15,619,792	6,781,740	3,538,741	3,025,547	2,273,853	2,918,878	6,703,690	4,323,246	1,268,135	46,453,622	3.75
2012	16,167,270	7,194,036	3,271,534	3,331,912	2,453,784	2,930,304	7,286,091	4,487,036	1,531,764	48,653,731	3.75
2013	16,575,442	7,807,324	3,556,124	3,530,698	2,788,722	3,104,647	7,700,137	4,740,332	1,514,293	51,317,719	3.75
2014	16,894,260	8,405,616	3,654,939	3,819,125	3,350,827	3,856,016	8,345,741	5,054,112	1,716,548	55,097,184	3.75
2015	17,356,120	8,723,066	3,499,658	4,276,950	4,194,684	4,366,301	9,067,627	4,955,275	1,915,447	58,355,128	3.75
2016	18,154,195	8,954,343	3,378,819	4,877,990	4,427,382	4,906,621	9,227,279	5,613,605	2,004,535	61,544,769	3.75
2017	18,341,139	9,149,265	3,478,793	4,881,463	4,839,698	4,384,954	9,721,763	5,496,744	2,319,956	62,613,775	3.75
2018	21,008,470	9,695,714	3,601,649	5,204,670	5,785,369	6,006,502	10,257,476	4,610,663	2,480,362	68,650,875	3.75
2019	28,565,769	10,046,758	3,771,659	5,711,395	6,589,401	4,901,396	11,732,720	4,422,165	3,530,868	79,272,131	3.75

¹ Marijuana and related products sold at retail subject to additional 5% special sales tax.

² Sales tax rate within Denver Premium Outlet shopping area is 2.35%.

Source: City of Thornton Sales and Use Tax Reports

**City of Thornton
Schedule 7
Direct and Overlapping Sales Tax Rates**

Fiscal Year	City of Thornton	Total Direct Sales Tax Rate	Overlapping Rates					Total Overlapping Sales Tax Rate
			State of Colorado	Adams County	Rapid Transit District RTD	Cultural Facilities District	Football Stadium District	
2010	3.75%	3.75%	2.90%	0.75%	1.00%	0.10%	0.10%	8.60%
2011	3.75%	3.75%	2.90%	0.75%	1.00%	0.10%	0.10%	8.60%
2012	3.75%	3.75%	2.90%	0.75%	1.00%	0.10%	0.00%	8.50%
2013	3.75%	3.75%	2.90%	0.75%	1.00%	0.10%	0.00%	8.50%
2014	3.75%	3.75%	2.90%	0.75%	1.00%	0.10%	0.00%	8.50%
2015	3.75%	3.75%	2.90%	0.75%	1.00%	0.10%	0.00%	8.50%
2016	3.75%	3.75%	2.90%	0.75%	1.00%	0.10%	0.00%	8.50%
2017	3.75%	3.75%	2.90%	0.75%	1.00%	0.10%	0.00%	8.50%
2018	3.75%	3.75%	2.90%	0.75%	1.00%	0.10%	0.00%	8.50%
2019	3.75%	3.75%	2.90%	0.75%	1.00%	0.10%	0.00%	8.50%

Source: City of Thornton Sales and Use Tax Reports

Note: Additional 10% Colorado sales tax on recreational use marijuana and additional 5% City sales tax on marijuana and related products sold at retail.

City of Thornton
Schedule 8
Principal Sales Taxpayers

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Aggregate top ten filers ¹	\$ 19,823,390	\$ 22,693,871	\$ 23,418,920	\$ 24,561,715	\$ 25,511,695	\$ 26,511,596	\$ 27,750,234	\$ 28,899,319	\$ 29,705,410	\$ 33,553,048
Aggregate all other filers	24,751,811	23,759,751	25,234,811	26,756,004	29,585,489	31,843,532	33,794,535	33,714,456	38,945,465	45,719,083
Total sales tax	\$ 44,575,201	\$ 46,453,622	\$ 48,653,731	\$ 51,317,719	\$ 55,097,184	\$ 58,355,128	\$ 61,544,769	\$ 62,613,775	\$ 68,650,875	\$ 79,272,131
Top ten filers as a percentage of total sales	44.5%	48.9%	48.1%	47.9%	46.3%	45.4%	45.1%	46.2%	43.3%	42.3%

¹ Colorado State Statutes and City of Thornton Ordinances prohibit disclosure of individual sales tax returns.

Source: City of Thornton Sales and Use Tax Reports

City of Thornton
Schedule 9
Ratios of Outstanding Debt by Type

Fiscal Year	Governmental Activities				Business-Type Activities
	Sales and Use Tax Bonds	Tax Increment Bonds	Certificates of Participation	Capital Leases	General Obligation Bonds
2010	\$ 14,835,000	\$ 18,620,000	\$ 35,445,000	\$ 47,752	\$ 40,220,000
2011	12,315,000	17,950,000	32,825,000	23,826	32,260,000
2012	9,520,000	17,260,000	30,110,000	-	24,250,000
2013	8,065,000	16,545,000	27,295,000	-	16,175,000
2014	6,555,000	15,805,000	24,385,000	-	8,045,000
2015	5,000,000	41,480,000	21,360,000	-	-
2016	3,635,796	42,989,472	18,123,982	-	-
2017	1,839,451	41,317,224	14,884,985	-	-
2018	-	39,584,976	81,639,055	547,937	-
2019	-	37,812,728	76,932,351	433,591	-

¹ See Schedule 14 for personal income and population data.

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Note: For years 2016 and forward debt balances are net of related premiums and discounts

Source: Current and prior year's financial statements.

Business-Type Activities (Cont'd)					
Revenue Bonds		Notes and Loan Payable	Total Primary Government	Percentage of Personal Income¹	Per Capita¹
\$	41,360,000	\$ 331,035	\$ 150,858,787	4.9%	1,270
	41,110,000	145,787	136,629,613	4.4%	1,137
	40,850,000	113,908	122,103,908	3.8%	1,007
	39,955,000	79,160	108,114,160	3.3%	882
	39,475,000	41,284	94,306,284	2.9%	763
	38,955,000	-	106,795,000	3.0%	811
	40,519,469	-	105,268,719	2.8%	785
	38,898,452	-	96,940,112	2.5%	705
	37,232,435	-	159,004,403	3.8%	1,132
	35,506,418	-	150,685,088	3.3%	1,048

City of Thornton
Schedule 10
Ratios of General Bonded Debt Outstanding

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita¹
2010	\$ 40,220,000	\$ -	\$ 40,220,000	4.45%	339
2011	32,260,000	-	32,260,000	3.61%	269
2012	24,250,000	-	24,250,000	2.70%	200
2013	16,175,000	-	16,175,000	1.79%	132
2014	8,045,000	-	8,045,000	0.88%	65
2015	-	-	-	0.00%	-
2016	-	-	-	0.00%	-
2017	-	-	-	0.00%	-
2018	-	-	-	0.00%	-
2019	-	-	-	0.00%	-

¹ See Schedule 14 for population data.

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Note: For years 2016 and forward debt balances are net of related premiums and discounts

Source: Current and prior year's financial statements.

City of Thornton
Schedule 11
Direct and Overlapping Governmental Activities Debt
As of December 31, 2019

Entity (1)	Assessed Valuation (2)	Debt Outstanding	Percentage Applicable to the City (3)	Estimated Share of Overlapping Debt
City of Thornton direct debt				\$ 115,178,670
Overlapping Debt				
Adams 12 Five Star School District	\$ 2,544,805,640	\$ 503,130,000	48.48	243,917,424
Adams County School District 1	807,370,100	163,670,749	19.35	31,670,290
Adams County School District 14	865,171,230	72,367,598	4.43	3,205,885
Amber Creek Metropolitan District	10,335,050	18,092,000	100.00	18,092,000
Aspen Reserve Metropolitan District	4,447,030	3,527,000	100.00	3,527,000
Brighton School District 27J	1,604,802,380	329,450,000	13.18	43,421,510
Bramming Farm Metropolitan District No. 1	4,918,670	5,420,000	100.00	5,420,000
Cherrylane Metropolitan District	4,090,780	3,764,000	100.00	3,764,000
Creekside Village Metropolitan District	6,760	11,502,000	100.00	11,502,000
Cundall Farms Metropolitan District	13,664,050	12,012,000	100.00	12,012,000
Fallbrook Metropolitan District	23,219,280	4,876,049	100.00	4,876,049
Fallbrook Villas Metropolitan District	1,802,080	2,803,000	100.00	2,803,000
Heritage Todd Creek Metropolitan District	41,039,660	36,052,175	100.00	36,052,175
Highpointe Park Metropolitan District	10,429,280	5,345,000	100.00	5,345,000
Hyland Hills Metro Park & Recreation	1,397,037,790	3,625,000	6.58	238,525
Lakeview Estates Water District	1,519,180	465,499	100.00	465,499
Lambertson Lakes Metro District	20,746,900	4,775,000	100.00	4,775,000
Larkridge Metropolitan District No. 1	372,570	11,960,000	100.00	11,960,000
Larkridge Metropolitan District No. 2	141,430	15,138,024	100.00	15,138,024
Lewis Pointe Metropolitan District	14,941,010	11,548,000	100.00	11,548,000
Marshall Lake Metropolitan District	12,016,480	910,800	100.00	910,800
North Holly Metropolitan District	4,054,160	564,785,030	100.00	564,785,030
North Metro Fire Rescue FKA Fire Dist. 1	587,805,840	13,720,000	0.36	49,392
Orchard Farms Metropolitan District	8,885,760	12,893,000	100.00	12,893,000
PLA Metropolitan District	3,929,100	875,000	100.00	875,000
Rangeview Library District	5,869,886,310	25,920,000	27.94	7,242,048
Talon Pointe Metropolitan District	5,622,950	49,819,337	100.00	49,819,337
Villas at Eastlake Reservoir Metro District	3,745,260	2,500,000	100.00	2,500,000
Willow Bend Metropolitan District	3,411,270	16,455,000	100.00	16,455,000
Subtotal, overlapping debt				\$ 1,125,262,988
Total direct and overlapping debt				\$ 1,240,441,658

(1) The following entities also overlap the City but have no reported general obligation debt outstanding:

Adams County	Parterre Metropolitan Districts
Adams County Fire Protection District	RII-DII Business Improvement District
Ash Meadows Metropolitan District	Regional Transportation District
Brittany Place Metropolitan District	River Valley Village Metropolitan District
Central Colorado Water Conservancy	Riverdale Peaks II Metropolitan District
City of Thornton 136th Ave GID	Riverdale Ranch Metropolitan District
Creekside Village Metropolitan District	South Adams County Fire Protection District
Eastcreek Farm Metropolitan District	South Adams Water and Sanitation District
Fire District 6 Greater Brighton	Talon Pointe Coordinating Metro District
Home Place Metropolitan District	Timberleaf Metropolitan District
Homestead Hills Metropolitan District	Todd Creek Village Park and Recreation District
Lees Farm Metropolitan District	Urban Drainage and Flood Control District
Mayfield Metropolitan District	Urban Drainage and Flood Control District - S. Platte
North End Metropolitan Districts	Village at Dry Creek Metro Districts
North Metro Fire Bond (FKA FD1B)	Village at Thorncreek Metropolitan District
North Washington Water and Sanitation District	Wright Farms Metropolitan District
	York Street Metropolitan District

(2) Assessed values certified in 2019 are for collection of ad valorem property taxes in 2020.

(3) The percentage of each entity's outstanding debt chargeable to the City is calculated by comparing the assessed valuation of the portion overlapping the City to the total assessed valuation of the overlapping entity. To the extent the City's assessed valuation changes disproportionately with the assessed valuation of overlapping entities, the percentage of debt for which property owners within the City are responsible will also change.

Sources: Adams County Assessor's office and individual taxing entities.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City.

City of Thornton
Schedule 12
Legal Debt Margin Information

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt Limit ¹	\$ 90,447,542	\$ 89,466,614	\$ 89,773,098	\$ 90,471,515	\$ 91,397,034	\$ 106,189,059	\$ 107,150,843	\$ 129,656,445	\$ 133,967,394	\$ 164,035,556
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	\$ 90,447,542	\$ 89,466,614	\$ 89,773,098	\$ 90,471,515	\$ 91,397,034	\$ 106,189,059	\$ 107,150,843	\$ 129,656,445	\$ 133,967,394	\$ 164,035,556
Total net debt applicable as a percentage of debt limit	-	-	-	-	-	-	-	-	-	-

Legal Debt Margin Calculation for Fiscal Year 2019

Assessed Value	\$ 1,640,355,560
Debt limit (10% of total assessed value) ¹	164,035,556
Debt applicable to limit	
General obligation bonds	-
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	-
Legal debt margin	<u>\$ 164,035,556</u>

¹ Per the City of Thornton Charter, the City's general obligation debt should not exceed 10 percent of the total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Source: Current and prior year's financial statements and the Adams County Assessor's Office.

**City of Thornton
Schedule 13
Pledged-Revenue Coverage**

Water Revenue Refunding Bonds

Fiscal Year	Water Charges and Other	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2010	\$ 43,626,770	\$ 18,053,279	\$ 25,573,491	\$ -	\$ 1,992,750	12.83
2011	45,324,785	18,260,090	27,064,695	-	1,992,750	13.58
2012	59,832,946	19,286,086	40,546,860	-	1,992,750	20.35
2013	39,083,359	20,131,086	18,952,273	-	1,665,985	11.38
2014	45,650,754	24,784,811	20,865,943	200,000	1,453,344	12.62
2015	51,226,351	27,647,167	23,579,184	225,000	1,449,344	14.08
2016	70,365,957	26,443,298	43,922,659	1,410,000	1,442,594	15.40
2017	72,913,829	27,490,432	45,423,397	1,455,000	1,400,294	15.91
2018	89,000,301	29,300,163	59,700,138	1,500,000	1,356,644	20.90
2019	83,876,134	35,386,006	48,490,128	1,560,000	1,296,644	16.97

TDA North Tax Increment Bonds

Fiscal Year	Sales and Property Taxes	Principal	Interest	Coverage
2010	\$ 4,748,160	\$ 650,000	\$ 855,813	3.15
2011	5,190,658	670,000	836,313	3.45
2012	5,521,257	690,000	812,863	3.67
2013	6,162,807	715,000	788,713	4.10
2014	6,143,493	740,000	763,688	4.09
2015	6,257,149	-	702,573	8.91
2016	6,317,948	850,000	557,963	4.49
2017	6,632,204	865,000	540,963	4.72
2018	6,545,747	905,000	506,363	4.64
2019	5,056,471	920,000	488,263	3.59

TDA 144th Tax Increment Bonds

Fiscal Year	Sales and Property Taxes	Principal	Interest	Coverage
2015	\$ 2,008,437	\$ -	\$ -	N/A
2016	2,555,008	615,000	1,192,921	1.41
2017	2,795,074	625,000	1,183,944	1.55
2018	2,812,899	645,000	1,165,194	1.55
2019	2,326,090	670,000	1,139,394	1.29

Sales and Use Tax Bonds

Fiscal Year	Sales Taxes	Principal	Interest	Coverage
2010	\$ 58,314,748	\$ 2,505,000	\$ 884,925	17.20
2011	59,733,571	2,520,000	465,534	20.01
2012	65,296,929	2,795,000	426,435	20.27
2013	67,811,466	1,455,000	350,150	37.57
2014	72,844,683	1,510,000	291,950	40.43
2015	80,057,239	1,555,000	246,650	44.44
2016	84,106,064	1,605,000	200,000	46.60
2017	91,378,445	1,665,000	135,800	50.74
2018	97,700,633	1,730,000	69,200	54.30
2019	-	-	-	-

Notes: Water revenue refunding bonds were issued in 2013.
Water charges and other includes investment earnings and tap fees.
Operating expenses do not include depreciation or amortization expenses.
TDA North Tax Increment Revenue Bonds series 2004 were refunded in 2015, no principal due in 2015.
TDA 144th Tax Increment Revenue Bonds series 2015B, no principal or interest due in 2015.
Sales and Use Tax Bonds series 2007, were paid in full in 2018.

City of Thornton
Schedule 14
Demographic and Economic Statistics

Fiscal Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Unemployment Rate
2010	118,772	3,099,949	26,100	8.3%
2011	120,147	3,135,837	26,100	8.9%
2012	121,211	3,241,909	26,746	8.4%
2013	122,643	3,258,134	26,566	6.9%
2014	123,648	3,243,040	26,228	4.4%
2015	131,761	3,528,823	26,782	3.5%
2016	134,149	3,704,927	27,618	2.7%
2017	137,443	3,916,713	28,497	3.0%
2018	140,509	4,228,478	30,094	3.8%
2019	143,788	4,499,270	31,291	2.4%

Sources: US Census Bureau (personal income), City of Thornton Planning Division (population), United States Department of Labor (Unemployment) for the City

**City of Thornton
Schedule 15
Principal Employers**

2019			
<u>Employer Type</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Retail Trade (350 units)	7,089	1	25%
Health Care and Social Assistance (237 Units)	4,565	2	16%
Accommodation and Food Services (210 Units)	3,984	3	14%
Educational Services (88 Units)	2,983	4	11%
Public Administration (47 Units)	2,059	5	7%
Other Services (271 Units)	1,410	6	5%
Construction (244 Units)	1,260	7	4%
Manufacturing (53 units)	904	8	3%
Professional, Service & Tech (156 Units)	785	9	3%
Information (52 Units)	724	10	3%
Total	<u>25,763</u>		<u>91%</u>

Total number of persons employed by Thornton establishments: 28,430

2010			
<u>Employer Type</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Educational Services (16 Units)	5,565	1	21%
Retail Trade (186 units)	5,163	2	20%
Health Care and Social Assistance (158 Units)	3,616	3	14%
Accommodation and Food Services (151 Units)	3,113	4	12%
Administrative support (78 Units)	1,962	5	8%
Construction (150 Units)	899	6	3%
Other Services (109 Units)	789	7	3%
Professional Services (165 Units)	695	8	3%
Information (20 Units)	620	9	2%
Finance and Insurance (90 Units)	491	10	2%
Total	<u>22,913</u>		<u>88%</u>

Total number of persons employed by Thornton establishments: 25,923

Note: The number of employees per business is confidential therefore the City is providing employee totals by sector.

Source: City of Thornton - Economic Development

City of Thornton
Schedule 16
Full-time Equivalent City Government Employees by Function

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government	158	157	156	156	158	165	168	175	182	192
Police										
Officers	158	161	159	158	171	178	233	244	247	243
Civilians	67	64	66	69	59	63	63	63	73	77
Fire										
Firefighters and officers	70	70	75	75	76	76	85	101	106	132
Ambulance	22	22	25	25	26	26	26	29	26	4
Civilians	3	3	3	3	3	3	3	3	3	3
City development	70	68	65	65	71	72	78	82	84	82
Streets, traffic, & engineering										
Engineering	42	40	40	34	33	33	36	35	37	40
Maintenance	32	31	30	31	32	31	31	32	33	23
Community services	85	85	84	85	96	98	99	100	106	124
Water & Sewer	76	75	77	85	86	90	92	95	97	100
Sanitation	22	22	21	22	22	23	23	24	26	26
Stormwater	-	-	-	-	-	-	-	-	-	13
Total	805	798	801	808	833	858	937	983	1,020	1,058

Source: City of Thornton budget office.

**City of Thornton
Schedule 17
Operating Indicators by Function**

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police										
Patrol calls for service	101,642	105,509	100,969	98,634	94,355	113,756	103,910	111,238	122,943	153,608
Physical arrests	3,280	3,248	2,692	2,365	2,607	2,796	2,891	5,749	6,608	7,071
Traffic violations	20,229	22,771	20,796	17,993	17,085	13,351	9,843	15,125	20,959	20,635
Fire										
Calls for service	7,826	8,107	8,180	8,106	8,868	9,387	9,976	10,538	11,028	11,898
Fire incidents	240	218	245	190	214	212	282	277	248	223
EMS and other incidents	7,586	7,889	7,935	7,916	8,654	9,175	9,694	10,261	10,780	11,675
Inspections*	1,684	1,700	1,798	1,586	1,957	1,753	-	1,469	1,275	1,244
City development										
Single-family detached permits	185	245	297	306	309	426	620	832	785	744
Commercial permits issued	7	5	10	10	18	19	19	31	25	23
Building inspections	25,677	25,083	26,212	28,473	30,103	37,755	57,437	52,873	66,945	44,370
Code violations & inspections	14,031	14,028	16,161	16,370	18,183	15,998	14,374	12,509	11,757	13,704
Graffiti incidents removed	1,102	1,016	1,798	1,526	1,016	880	795	534	160	178
Streets, traffic, & engineering										
Lane miles of streets maintained	1,310	1,313	1,222	1,227	1,232	1,238	1,244	1,252	1,255	1,258
Community services										
Carpenter Recreation center admissions	281,154	283,251	294,413	295,200	297,279	296,429	303,658	301,024	280,912	235,816
Trail Winds Recreation center admissions**										47,053
Water										
New connections	273	267	321	297	301	419	559	826	922	644
Average daily consumption (in gallons) (excludes Westminster)	16,347,926	16,590,032	17,919,403	14,971,237	15,005,578	15,580,590	16,820,855	16,263,868	17,459,644	16,379,225
Sanitation										
Solid waste customers	25,678	25,919	26,623	26,919	27,060	27,317	27,671	28,328	29,233	29,899
Tons of refuse collected	33,173	32,359	32,729	34,029	34,249	34,574	36,529	36,571	37,724	37,811
Tons of recyclables collected	5,114	5,120	5,089	5,180	5,161	5,193	5,255	5,424	5,417	5,355
Ambulance										
Number of transports	4,466	4,481	4,517	4,193	4,624	5,129	5,355	5,693	5,903	5,850

Note: Indicators are not available for the general government function.

* Indicator was not tracked in 2016.

** Indicator was not tracked prior to 2019 - Trail Winds Recreation Center opened November 2019

Sources: Various city departments.

City of Thornton
Schedule 18
Capital Asset Statistics by Function

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police										
Stations	1	1	1	1	1	1	1	1	2	2
Patrol Units	77	77	75	74	77	92	95	119	125	134
Fire										
Fire Stations	5	5	5	5	5	5	5	5	6	6
Ambulances	5	5	6	6	6	6	6	7	8	7
Streets, traffic, & engineering										
Streets (miles)	360	361	403	404	406	409	411	414	417	421
Streetlights	8,473	8,483	8,514	8,565	8,521	8,783	8,824	9,125	9,140	9,784
Community services										
Parks acreage	642	645	645	683	697	723	733	757	879	851
Parks	81	81	81	81	82	84	88	90	92	93
Swimming Pools	3	3	3	3	3	3	3	3	3	4
Tennis Courts	13	13	13	17	17	17	17	17	17	17
Community Centers	3	3	3	3	3	3	3	3	3	3
Golf Course			1	1	1	1	1	1	1	1
Water										
Water mains (miles)	532	558	559	559	566	577	584	593	597	602
Fire Hydrants	4,262	4,663	4,686	4,699	4,688	4,847	4,950	5,073	5,132	5,194
Maximum daily capacity (thousands of gallons)	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000
Sewer										
Sanitary sewer (miles)	430	436	426	427	439	445	454	462	465	485
Sanitation										
Collection Trucks	19	19	19	19	19	21	21	21	22	22
Stormwater										
Storm sewers (miles)	146	148	158	149	150	140	144	149	151	158

Note: No capital asset indicators are available for the general government function.

Sources: Various city departments.

A wide-angle photograph of the Trail Winds Recreation Center. The building is a long, single-story structure with a light-colored stone or brick facade. On the left side, there are several red-framed glass doors and windows. To the far left, a red slide is visible. The sky is blue with scattered white clouds. In the foreground, there is a paved area with a circular landscaped island in the center. The island has a logo for the City of Thornton, Colorado, which consists of a stylized white 'T' shape made of three curved lines, followed by the text 'City of Thornton' in a bold sans-serif font and 'Colorado' in a script font below it. The ground around the island is covered in brown mulch. There are some small trees and shrubs in the landscaping. A black lamppost is visible in the lower left corner. The overall scene is bright and clear.

 TRAIL WINDS RECREATION CENTER

 **City of
Thornton**
Colorado